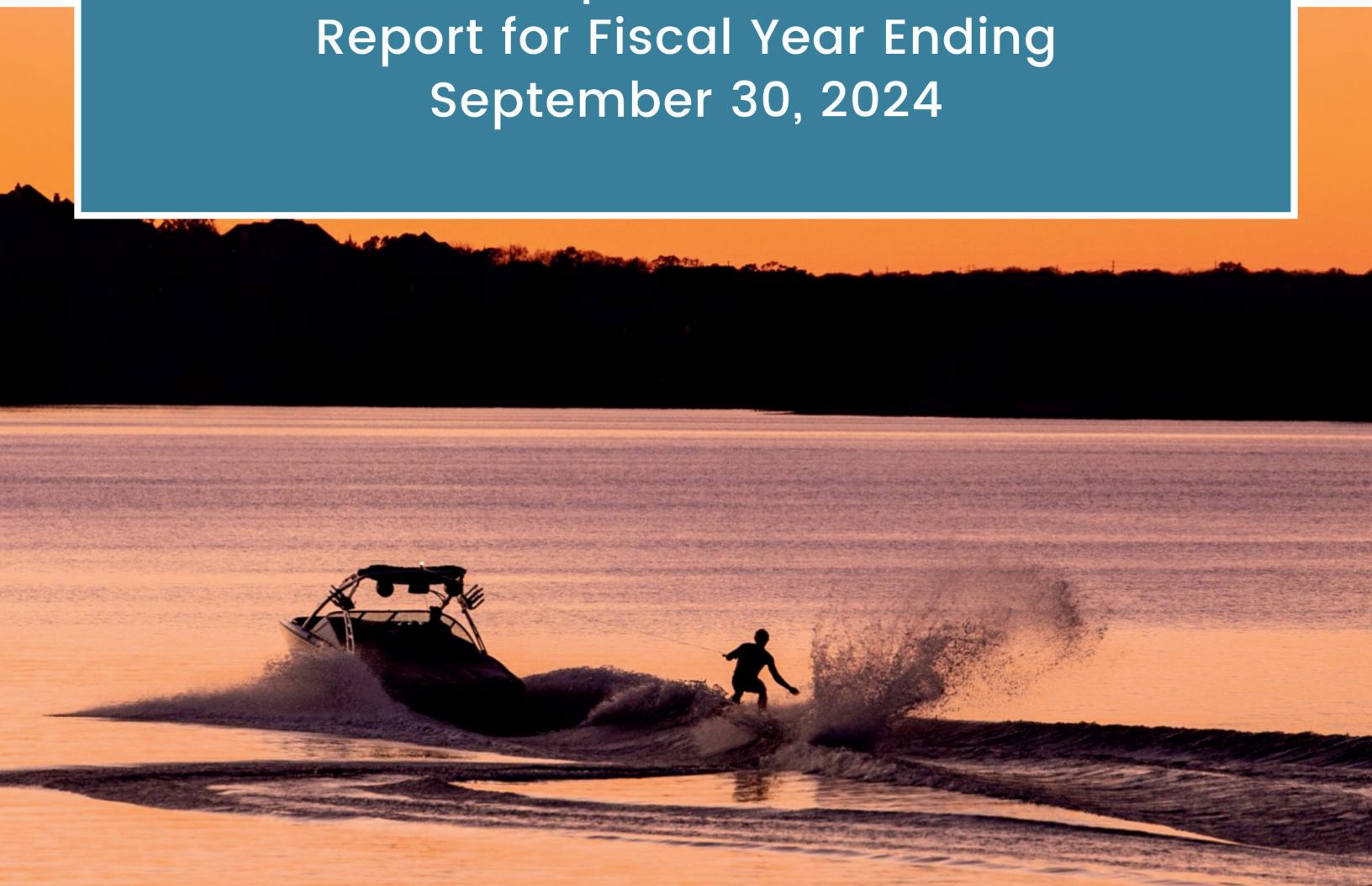
CITY OF Highland Village

CITY OF HIGHLAND VILLAGE, TEXAS

Annual Comprehensive Financial Report for Fiscal Year Ending September 30, 2024



CITY OF
HIGHLAND VILLAGE, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2024

Prepared by:

The Finance Department

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CITY OF HIGHLAND VILLAGE, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

TABLE OF CONTENTS

	Page Number
INTRODUCTORY SECTION	
Letter of Transmittal	i – x
Organization Chart	xi
Principal Officials	xii
GFOA Certificate of Achievement	xiii
FINANCIAL SECTION	
Independent Auditor's Report	1 – 3
Management's Discussion and Analysis	4 – 18
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	19 – 20
Statement of Activities	21 – 22
Fund Financial Statements	
Balance Sheet – Governmental Funds	23 – 24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	26 – 27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statements of Net Position – Enterprise – Water and Wastewater Fund	29 – 30
Statements of Revenues, Expenses, and Changes in Fund Net Position – Enterprise – Water and Wastewater Fund	31

Statements of Cash Flows – Enterprise – Water and Wastewater Fund ..... 32 – 33

Notes to the Financial Statements ..... 34 – 56

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund..... 57 – 58

Notes to Budgetary Comparison Information 59

Schedule of Changes in Net Pension Liability and Related Rations ..... 60 – 61

Schedule of Pension Contributions ..... 62 – 63

Schedule of Changes in Total OPEB Liability and Related Rations ..... 64 – 65

Combining and Individual Fund Statements and Schedules

Combining Balance Sheet – Nonmajor Governmental Funds ..... 66 – 67

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds..... 68 – 69

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service Fund 70

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Corps Leased Parks Fund 71

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Public Safety Fund 72

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Municipal Court Building Security Fund..... 73

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Municipal Court Technology Fund..... 74

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Utility Drainage Fund..... 75

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – PEG Fee Fund 76

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Community Development Corporation..... 77

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Park Development Fund 78

Capital Asset Schedules

Comparative Schedule by Source 79

Schedule by Function and Activity ..... 80 – 81

Schedule of Changes by Function and Activity 82

STATISTICAL SECTION (Unaudited)

	TABLE	
Net Position by Component	1	83 – 84
Changes in Net Position	2	85 – 88
Fund Balances – Governmental Funds	3	89 – 90
Changes in Fund Balances – Governmental Funds	4	91 – 92
Assessed Value and Estimated Actual Value of Taxable Property	5	93 – 94
Direct and Overlapping Property Tax Rates	6	95
Principal Property Taxpayers	7	96
Property Tax Levies and Collections	8	97
Ratios of Outstanding Debt by Type	9	98 – 99
Ratios of General Bonded Debt Outstanding	10	100
Direct and Overlapping Governmental Activities Debt	11	101
Legal Debt Margin Information	12	102 – 103
Pledged Revenue Coverage	13	104
Demographic and Economic Statistics	14	105
Principal Employers – Current and Ten Years Ago	15	106
Fulltime Equivalent City Government Employee by Function/Program	16	107
Operating Indicators by Function/Program	17	108 – 109
Capital Asset Statistics by Function/Program	18	110 – 111

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INTRODUCTORY SECTION

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March 25, 2025

City of Highland Village
Highland Village, Texas 75077

To the Honorable Mayor Wilcox, Members of the City Council and Citizens of the City of Highland Village:

The Finance Department of the City of Highland Village is pleased to submit the Annual Comprehensive Financial Report of the City of Highland Village, Texas, for the fiscal year ended September 30, 2024.

The report is published to provide the City Council, management staff, our citizens and other interested parties with detailed information concerning the financial condition and performance of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Highland Village. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The financial statements included in this report were prepared in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB), the National Council on Governmental Accounting (NCGA) and the American Institute of Certified Public Accountants (AICPA). To demonstrate further public accountability, the independent accounting firm of Certified Public Accountants, Pattillo, Brown & Hill, L.L.P. whose report is included herein, has audited the City's financial statements.

Pattillo, Brown & Hill, L.L.P., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Highland Village's financial statements for the year ended September 30, 2024. The independent auditor's report is located at the front of the financial section of this report.

In addition, a Management's Discussion and Analysis (MD&A) section, immediately following the independent auditor's report includes a narrative introduction, overview, and analysis of the financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Profile of the Government

The City of Highland Village, incorporated in 1963, is located in the southeastern portion of Denton County on Highway 407, west of Lewisville, 20 miles north of Dallas, 34 miles northeast of Fort Worth, 15 miles southeast of Denton and 8 miles north of Dallas-Fort Worth International Airport. The City is primarily residential.

The City's estimated 2024 population is 16,697, just a 5% increase over the past 10 years. Years of sustained growth in population in previous years has brought the City closer to build-out, evidenced by the reduced number of single-family residential permits now being issued. The City is currently approximately 96% built out, with approximately 200 single-family residential homes remaining to be built in platted and unplatted parcels. The estimated build out date is 2030. Over the previous five years, the City has averaged 45 single-family residential permits annually, dropping to only three this past year. The average assessed value for existing single-family dwellings on the 2023 Tax Roll was $522,673.

The City of Highland Village operates under a council-manager form of government. Policy-making and legislative authority are vested in a governing council (City Council), consisting of a mayor and six other members, all elected at large. The Council appoints the City Manager, who in turn appoints the heads of the various departments. All council members are elected for two-year terms.

This report includes all funds and account groups of the City. The City provides a full range of services. These services include police and fire protection; the construction and maintenance of streets and infrastructure; recreational facilities and cultural events. In addition to general government administrative services, the City provides water, sewer and sanitation services. The City is also financially accountable for a legally separate component unit – the Highland Village Community Development Corporation, which is reported as a blended component unit within the City of Highland Village's financial statements (see Note 1A for additional information).

The Council is required to adopt a final budget by no later than September 30th – the close of the fiscal year. This annual budget serves as the foundation for the City of Highland Village's financial planning and control. The budget is prepared by fund, category (personnel, services/supplies, capital) and department (e.g., police, fire, human resources). Departments may reallocate resources within a category, but reallocation between categories or departments requires council approval.

Local Economy

With supply chain issues resolving, and the housing market remaining strong – however cooling somewhat resulting from increased mortgage rates, the North Texas economy has displayed resiliency. Retail sales remain strong, however reflecting more modest increases than in FY 2023. Demand for homes still exceeds the supply, thus home values have held their value. Job creation, especially in Texas, is strong, however somewhat hampered by continuing worker shortages. A number of corporate relocations to this area in recent years will also contribute to the housing market remaining strong, although potentially constrained by the limited housing inventory. The close proximity of the Dallas-Fort Worth International Airport and both cities of Dallas and Fort Worth enhance increasing residential development. There were only 3 single-family permits issued during fiscal year 2023/2024, compared to the previous five-year annual average of 45. In addition, there were 5,745 water connections, with 5,377 being the total residential. Since the City's residential tax base is a significant portion of its annual budget, these increases have the most significant impact on the City's ability to raise revenues to provide the services and conditions for future growth.

Commercial development has remained steady for the past five years, however at reduced levels, reflective of the City approaching buildout. The retail component the City enjoys has certainly enhanced the business and economic outlook for the City. Over the past twenty years, the City has realized gradual economic development, beginning with the completion in 1995 of the 80,000 square foot Highland Village Town Center shopping complex. Phase II of this development was completed in October 1997. Kroger's grocery chain served as the anchor commercial development in the Town Center complex, however closing in FY 2016. The space has now been occupied by Painted Tree. Valley Ridge Center, a professional office complex on FM 407 was also added in 1997. A new bank, United Community Bank, opened for business in 1998 with a temporary building - a permanent bank building was completed in 1999. A merger with Independent Bank in 2012 further solidified the bank for the future.

In January 1999, the City Council initiated implementation of an overlay ordinance for nonresidential development. This change was enacted to create a unique look for Highland Village by requiring a residential look to nonresidential uses. This effort was seen as an economic development issue to ensure quality future development. The completion of Village Parkway in 1998 in the western part of the City provides additional economic stimulus for the City - particularly now that TXDOT has constructed a segment that extends this roadway to Denton as an extension of FM 2499, providing an alternate route to DFW Airport. And this, in turn, greatly enhances the commercial value of the developments at the FM 407 and FM 2499 intersection with the resulting increase in traffic.

Village Creek Center, started in the mid 1980's, added three new buildings in 1999 to complete their site plan. This center includes restaurant facilities and professional office space. In 2000, a two-building professional office development was completed and fully leased, with plans to expand by another building. Also in 2000, Tartan Village Retail Center opened with 6,000 square feet of retail space and Barnett Center constructed a childcare facility. The Barnett Center added an animal hospital in 2002 and a 56,000 square foot assisted living facility was added in 2003, with a 35,000 square foot extensive care addition completed the following year.

Celebrations, a 12,000 square foot banquet hall, was completed in 2003, updated in 2015 with new owners with addition of a chapel – transforming the facility to a wedding / reception facility and renamed as Hidden Pines Chapel. A 17,000 square foot retail center, Tartan Square, was added in 2004. Highland Village Business Park was completed, with two office / professional buildings totaling 16,000 square feet, in early 2005.

With limited remaining undeveloped commercial property in Highland Village – primarily located along FM 407 and FM 2499, the City focused on the remaining undeveloped property to ensure compatible, high-quality development. An additional overlay district was developed for this area to apply standards that will assure the highest and best use, with the potential for increased sales tax revenues while continuing to maintain the high quality of life in Highland Village.

The remaining principal area for retail development, at the intersection of FM 407 and FM 2499, saw substantial activity beginning in 2006. At the northeast corner of this intersection - the Marketplace at Highland Village, a 66-acre retail mixed-use development anchored by a 205,000 square foot Wal-Mart Super center, also including approximately 280,000 square feet of retail, office, and restaurants, saw some of its businesses open in October 2006, with the Wal-Mart store opening in November 2007. The Wal-Mart store is truly one-of-a-kind, with preservation of a 125 year-old pecan tree incorporated into the front entrance of the store.

On the northwest corner of the intersection, The Shops at Highland Village, a 45-acre development opened in September 2007. Barnes & Noble and an AMC Theater anchor the 380,000 square foot center, with upscale retail stores including Banana Republic, Victoria's Secret, as well as a variety of restaurants. The Shops at Highland Village is a pedestrian friendly, lifestyle shopping experience featuring fountains, outside dining areas, and pedestrian walkways – also connecting to the City's Inland Trail system. And the addition of Whole Foods in September 2014, further cements the vitality of this development.
Just east of the Marketplace, The District of Highland Village, initially approved by Highland Village City Council in March 2007, was planned as a "Main Street" center with retail and residential townhomes. Construction of the first phase was completed, but additional construction stalled due to the economic downturn. A redesigned plan was presented to City Council in FY 2011, but denied – prompting a lawsuit by the property owner based on the City's denial of the rezoning request. During the ensuing year, the City and its legal counsel thoroughly defended against the claims made in the lawsuit. City officials and staff worked diligently with the property owners to settle their dispute, resulting in approval by City Council in November 2012 of a new development plan to provide open air plazas for a mixed-use development of residential lofts, retail, and office professional facilities, offering a unique and desirable high-end loft living lifestyle currently not available in Highland Village and adjacent cities. Construction initiated in 2014 and now entails nineteen buildings of residential and retail totaling over 320,000 square feet.

The City is primarily a residential community with a relatively small commercial base. New residential construction has slowed from previous years, with substantial residential build-out expected in the near future. Roughly 200 potential lots remain, most of these associated with several developments in the western portion of the city, providing very modest residential building activity.

As the City approaches build-out, there is intent of facilitating full potential of limited remaining undeveloped parcels. Accordingly, the City retained a planning firms to accomplish an update to the City's comprehensive plan. And this was accomplished in February 2023.

There are shopping areas with major retail department stores, variety stores and chain stores located in the general vicinity of Highland Village. Wholesale firms, distributing automobile parts and supplies, electronics, lumber, meats, plumbing fixtures, petroleum products and boat distributors are also located in the general vicinity. A plentiful supply of skilled labor is available to industry in the Highland Village area. Denton County reflected an unemployment rate of 3.7% as of September 2024.

Long Term Financial Planning

Economic Development, specifically retail development, has been a primary objective and continues to be desired, however with limited remaining real estate in the city. This will not only provide desired amenities for residents' immediate access, but also an avenue to diversify the City's revenue stream that is highly dependent on property tax. This is especially pertinent as the City nears substantial residential build-out, and accompanying declining growth in assessed valuation. A stated focus of Council has been to maintain the current tax rate. However, with State Legislation implementing revenue caps, it has forced reductions in the tax rate. Coupled with declining growth in new valuation added to the tax roll, this environment provides a challenge to maintain the high level of services provided for in this community. A continued primary focus over the next few years is to maintain current staffing levels through residential build-out and seek efficiencies where possible, without compromising the City's excellent level of service.

Future water supply, pumping facilities, and wastewater treatment will also continue to be a focal point of meeting growth demands through build-out. Highland Village has contracted with the Upper Trinity Regional Water District (UTRWD) to take three million gallons of water per day (MGD). This water supply supplements the City's four productive water wells. A utility rate structure was updated to provide a 70/30 mix of surface water and ground water respectively. Additionally, the utility rate structure was revamped to provide for a substantially higher amount collected at the base level rather than the previous method of relying on higher summer usage with tiered rates. This will provide a more consistent revenue stream that is less dependent on weather patterns and fairer method of distributing costs to residents.

To meet the City's wastewater needs, a long-term solution was finalized in June, 1995, with 1.8 million gallons per day treatment contract with the Upper Trinity Regional Water District's Lakeview Wastewater Reclamation Project, which provided for a participatory contract to meet the City's build out wastewater effluent needs. In the initial stage of this contract, developer contributions (Impact Fees) have paid the bulk of the annual commitments with the existing ratepayers paying a minimal portion of the contract cost. The City's current capacity is at 1.65 MGD, but the City may reinstate the 1.8 MGD capacity at a future date, if needed. The subscribed capacities for both water and sewer are generally expected to be sufficient through build-out.

A municipal drainage utility was formed at the end of FY 2006 to fund a storm water quality program and related drainage projects necessitated by Phase II MS 4 Storm Water Regulations – administered by the Texas Commission on Environmental Quality (TCEQ). A rate of $1.20 per 1,000 square feet of impervious cover was established to fund this program – unchanged until FY 2015 when adjusted to $1.40. The monthly average for most City residents is roughly $5.00. The utility has a staff of five positions and has procured needed equipment. The utility has achieved great success, already completing a number of needed drainage projects - also achieving substantial cost savings by averting contracting of these projects. In FY 2013, an aggressive mosquito abatement program was developed to address the significant increase in West Nile Virus, and is ongoing.

The City continues to address park programs to meet the changing needs of the community. The governing body adopted an ordinance in 1991 to establish Park Development Fees to be paid by the development community. These fees are dedicated to Park Development. This ordinance was revised in 1997 to collect fees for three components – community park, inland trail system, and neighborhood parks. Phase I of the development of Unity Park was completed and was utilized in full for athletic activity in early 1996. In September 1996, $1,850,000 in General Obligation Bonds was issued to complete Phase II of Community Park and provide improvements to other City parks. Phase II of the Park, completed in April 1997, includes lighting, restrooms and concessions. Additional parking and restroom enhancements were added in 2012 funded by a certificate of obligation. An inter-local agreement with the Lewisville Independent School District allows the City and Briarhill Middle School (adjacent to Unity Park) to share common facilities. Completion of Village Park in 2005 provided a neighborhood park in the western quadrant of the City.

An additional primary focus of the City has been the establishment of a comprehensive trail system throughout the City. The initial spine (9.83 miles) of the trail system was initiated with securing a $1 million TEA-21 grant. This was completed in 2006 with a cost of $1.7M. Voters approved a ½ cent 4B sales tax in November 2004 – specifically targeted for trail development and a soccer complex. Further development of the trail system has been primarily funded by the 4B sales tax. A $3M bond issue in 2008 provided funding for the next section – with another $3.8M bond issuance in FY 2009 to further expand the trail system in the City. A continuous trail segment now spans the length of the entire City. Ultimately, 28 miles of trails are envisioned in the Trail Master Plan.

The Doubletree Ranch property, 36 acres in the eastern portion of the City, was purchased in 2009 with funds from a certificate of obligation – with the associated annual debt service to be reimbursed to the City with 4B revenues. In FY 2014 a $6.7M Certificate of Obligation was issued to supplement remediation funds of $2.8M previously received from TxDOT associated with the loss of Copperas Branch Park resulting from the expansion of I-35 - to be redirected to Doubletree Ranch Park, to fund park construction. Accordingly, construction commenced in FY 2014. The Park opened in August 2016, providing open space, trails, and soccer fields, in a pristine setting. In addition, a splash pad, concession barn and pavilion are heavily utilized.

Lakeside Community Park was completed in 2015, also utilizing 4B revenues. This park – with water front access to Lake Lewisville, includes a quarter-mile loop trail, two pavilions, all with fantastic lake views. A number of recreation programs are offered in the City. In particular, baseball and soccer associations have experienced consistent participation, and have remained quite successful.

The City's commitment to parks was buttressed with a 2018 $7.1 M bond issuance following voter approval in 2017. This issuance targeted parks projects of $4.1M and street projects totaling $2.8M. A significant portion of the park initiatives were improvements to Unity Park, highlighted by a new softball field and rebuild of Kids Kastle playground. This playground was originally constructed in the 1990's as a community build project. Following a fire in the 2000's, it was rebuilt again as a community project. With the play area at the end of its useful life, it was replaced in FY 2020 and enhanced as an all-inclusive playground. This amenity is a tremendous source of pride for the community.

Expiring debt service, coupled with historically low interest rates provided an opportunity for debt issuance in 2022. Accordingly, a comprehensive assessment of park infrastructure, as well as identification of an ongoing revenue source of adding cabins in Pilot Knoll Park for rental, prompted a $6.4M bond issuance – this in conjunction with $8.85M for street improvements. In 2024, the City issued $2.805M in Tax Notes to accommodate the equipment replacement program through 2029.

Major Initiatives

The City's staff, following specific directives of the City Council and City Manager, has been involved in a variety of projects throughout the year. These projects reflect the City's commitment to ensuring that its citizens are able to live and work in an enviable environment. The following are initiatives and programs relating to general governmental functions:

- Implement Skilled Trades Services policy to facilitate procurement process.
- Implement system to receive utility and court payments via phone
- Complete a data conversion of Municipal Court software to the current version.
- Reconfigure Accounts Payable work-flow process to accommodate necessary approval and documentation with implemented Tyler Content Manager software.
- Add Compliance Dismissals to the menu of online court forms available for public use.
- Accomplish Tax Note issuance to accommodate capital equipment purchases.
- Implement an on-boarding and off-boarding employee experience survey through Lattice to identify areas where we can improve processes.
- Roll out a new Personnel Policies and Procedures Manual.
- Provide targeted training on various policy and human resources topics which will include discussions on how to improve employee engagement.
- Audit all systems to ensure that information is up to date with no errors.

- Expand our wellness offerings to include on-site services and screenings.
- Work with Neogov to find ways to improve the recruitment process through their analytics platform.
- Ensure the seamless implementation of the new security system, execute the rollout of security policies, and conduct staff training.
- Provide growth opportunities and training to Human Resources staff who are all in new positions.
- Prepare for future turnover and succession in various departments.
- Increase familiarity of City staff and requestors on availability and use of the City's online system to process public information requests.
- Provide timely access to public documents, such as meeting minutes, monthly reports, and Code of Ordinances via the City's website.
- To enhance our database to include comprehensive reporting features relating to vacancies, appointments, terms and training of board and commission members.
- Recruit citizen volunteers to serve on City boards and commissions.
- Provide an annual Orientation and Training Workshop for newly appointed board and commission members.
- Process applications submitted by nonprofit organizations for Council's presentation of grants for services to residents of the City.
- Improve and encourage dialogue on City communication channels with the public and respond to inquiries in a timely manner.
- Develop style guide for consistent use of City logo, facility names, and landmarks.
- Using the findings of the HVBA resident survey, work to raise awareness and help promote customer connection to Highland Village restaurants and retailers through storytelling in video, graphics, and photography for social media and HVBA website.
- Engage with local businesses, retail center owners and property management companies to share the findings of the HVBA research and determine methods to improve resident perception and behavior.
- Work with all departments to develop and implement a resident satisfaction survey this fiscal year.
- Review social media, website, and digital newsletter analytics to determine future goals and changes needed to improve communication and engagement with residents.
- Implement new replacement phone system.
- Provide for hardened back-ups to enhance protection of data.
- Implement Phase 2 of utilizing Denco 911 facility for disaster recovery, moving the core storage and used core servers from City Hall location.
- Evaluate Microsoft Office upgrade for City.
- Add SSO (Single sign on) for work order system and GIS users.
- Complete addition of cameras for additional security at Doubletree Ranch and Copperas Branch parks.
- Implement full Multi-factor authentication protocol for desktop users following completion of testing currently in progress.
- Upgrade online portal for permits to provide to enhance functionality.
- Implement remote inspections protocol for inspections.
- Adoption of the 2021 International Building Codes.
- Add patio covers, arbors, pergolas, swimming pools and possibility new residential permits for the availability to initiate online.
- Study the possibilities of a rental inspection program
- Establish procedures for transition to the Fleet Management program through Enterprise
- Replace budgeted standby generator located at City Hall on the PD side
- Complete Facilities Security Upgrades Project
- Address various office and common areas painting throughout facilities as needed
- Accommodate Window replacements as needed
- Auction old equipment taken out of service
- Manage and modify the concrete panel replacement program.
- Manage the Street Sweeping Program and modify as needed.
- Update the Highland Village Training program to include courses that crosswalk for college credit in the field of pavement management.
- Update the sign registry and inventory condition index.
- Maintain pavement striping, school zone flashers, and signage.

- Continue to utilize and improve City Works and GIS, including the development of a pavement life cycle cost analysis.
- Update the pavement condition index of streets in Highland Village using the standard manual survey method.
- Continue to work with LISD to improve the Street Department Internship program focusing on the ADA sidewalk inventory, and updating the PCI.
- Construct the Streets Improvements Phase 1 Project.
- Design the Streets Improvements Phase 2 Project.
- Design and construct the 2024 Asphalt Overlay Project.
- Design and construct the Highland Shores Asphalt Overlay Project.
- Design the Highland Shores Reconstruction Section 2 Project.
- Construct the Highland Village Rd / Brazos Traffic Signal Project.
- Continue the storm water education campaign.
- Begin study of all drainage creeks within City Limits that are located within easements or on private property.
- Complete Design and construct the Lake Vista Well Upgrade Project.
- Design water line construction plans to serve the northwest portion of the City (Brooks Ct.)
- Design a new septic/aerobic system for Pilot Knoll Park
- Continue sanitary sewer line cleaning.
- Construct 18" Edgewood sanitary sewer main.
- Construct the remaining erosion repair project for the remaining 27" sewer trunk main along the lakeshore.
- Construct the water line replacement project in the Village Estates section II subdivision Project.
- Construct a drainage/erosion control project in the Clearwater subdivision.
- Design and construct Lift Station #2 & #7 force main replacements
- Paint Lake Vista and Oak Street Ground Storage Reservoirs.
- Police Trikke Program - The department will acquire two (2) Trikke personal patrol trikes. These are three wheeled, electric, all-wheel drive personal mobility devices which will assist in patrolling special events, parks, trails and schools. These will assist in education and enforcement of new micro-mobility ordinance. Our SRO's will be the primary educators of the new ordinance and safety recommendations. Enforcement will be implemented with our traditional police bikes, E-bikes, and the newest addition of two trike Positron police vehicles.
- Body Armor Replacements with External Vest Carriers – The department will transition to uniforms with an external vest carrier which have rifle rated body armor. This new design provides ergonomic advantages by removing items from the duty belt (waist) and placing them on the vest carrier. Officer comfort is increased along with the ability to carry extra equipment efficiently.
- Handgun Replacements with Red Dot Sights – The department will replace its existing handguns with new ones outfitted with red dot sights. These sights allow for improved safety, quicker target acquisition, increased accuracy and better field of view.
- Opticom Signal Preemption Emitters – Each marked police vehicle will be equipped with traffic signal preemption emitters just like the Fire Department uses. These emitters will reduce response times in emergencies while increasing safety for the public and officers. The devices have shown to reduce intersection crashes up to 70% and improve emergency response times up to 25%.
- Recruitment and Retention Planning - Police recruitment continues to be a challenge both in Texas and across the country. Many agencies are experiencing losses and struggling to recruit and retain officers. This past fiscal year we hired three (3) Police Officers, one (1) Police Recruit and four (4) Communications Officers. We will continue to work closely with Human Resources to make recruitment and retention a high priority.
- Re-Negotiate Shops Contract – The Shops at Highland Village contract expires this year and our goal is to re-negotiate this and continue this mutually beneficial community partnership.
- Research and develop specification for a new brush truck
- Update Uniform Fire Code from current 2015 to 2024
- Review and update all department policies to comply with Texas Fire Chiefs Association Best Practices.
- Replace four Thermal Imaging Cameras
- Implement a new EMS Inventory System for all EMS supplies.

- Parks completed projects
- Unity
- Unity Park synthetic turf project that included the dog park, Kids Kastle entrance, baseball/softball bullpens and soft toss area.

Doubletree Ranch
- Completed Splash Pad resurfacing
- Completed perimeter fence around the Splash Pad
- Completed new chemical storage building for the Splash Pad
- Installed new synthetic turf playground surface at the Doubletree Ranch Park playground
- Chessboard shade replacement
- Installation of storefront doors at the Doubletree Ranch Park Barn
- Food truck parking pads were completed
- Safety barriers around drainage culverts

Pilot Knoll
- Completed and submitted TPWD grant applications for the cabins, day-use area improvements, and boat ramp.
- Completed major repairs to two of the three septic systems
- Added flex base to shoulders of campground road
- Updated electrical at Big Oak pavilion
- Added emergency vehicle sensors to allow quick access for Fire and Police

Copperas Branch
- Installed two new exhaust fans in the restrooms
- Capped sewer line connected to the gatehouse
- Added emergency vehicle sensors to allow quick access for Fire and Police

Highland Village Tennis Courts
- Replaced fencing and windscreens

Sellmeyer Tennis Courts
- Replaced fencing and windscreens

Village Park
- Installed diffusers for better aeration at the Village Park pond.

Marauder Park
- Installed fountain lights and diffusers for better aeration at the Marauder Park pond.

Other
- Implemented new pond maintenance program. Added aeration system, Talapia, pond dye, and helpful bacteria all in an effort to reduce unwanted vegetation
- Started amenity station beautification project – completed Murray Park
- Installed new lightning detection system at Doubletree Ranch Park, Unity Park, and Brazos Park
- Installed 2 memorial benches and 1 memorial tree

Community Volunteer Help for Projects and Events
- Arbor Day tree planting at Doubletree with the Friends of Highland Village Parks Foundation
- Events
    - Easter Egg Hunt
    - Celebrate Highland Village
    - TXFallenPD/Concert in the Park
    - Tri-Town Amazing Race
    - Christmas at The Ranch

Completed Events
- Father Daughter Dance
- Easter Egg Hunt
- Two paper shredding events

- Movie in the Park
- Celebrate Highland Village
- Two Concerts in The Park
- TXFallenPD/Concert in the Park **(expanded)**
- Tri-Town Amazing Race
- Wine Down With The Grinch
- Christmas at The Ranch

Senior All-Star Programming
- MOVE classes every Wednesday **(new)**
- Highland Village Book Club on first Wednesdays **(new)**
- Music with Mark on second Wednesdays **(new)**
- Cooking classes once a month **(new)**
- Zumba Gold every Tuesday **(new)**
- Bridge group every Thursday **(new)**
- Mahjong group every Wednesday **(new)**
- Pickleball every Monday, Tuesday, Thursday and Friday **(expanded)**
- Meals on Wheels on first and third Thursdays
- Tai Chi classes every Monday and Thursday
- All-Star Stichers Club every Wednesday
- Lunch & Learns twice a month
- Trips at least twice a month

Other Programming
- Shotakan Karate **(new)**
- Hatha Yoga **(new)**
- Situational Awareness **(new)**
- Fit for Mom
- Camp Gladiator
- Children's Cooking Camps
- Red Cross CPR/Babysitting Camps
- Geocaching
- Kidventure Summer Camp

Relevant financial policies

The City's financial policies address accounting and fiscal operations of the City with emphasis on asset management, operating reserves and fund balances. The City has established policies to maintain a fund balance equivalent to at least 20% of General Fund expenditures. Accordingly, fund balance levels have remained above this level. Ending fund balance was 45% in FY 2020, 46% in FY 2021, 41% in FY 2022, 49% in FY 2023, and 51% in FY 2024. Financial policies provide for one-time or non-recurring revenues not being used to finance current ongoing operations. Non-recurring revenues should be used only for one-time expenditures such as long-lived capital needs. They will not be used for budget balancing purposes. Fund balance levels are currently higher than anticipated to be necessary on an on-going basis. Financial policies call for the City to maintain a fund balance within a range of 20% -25%. A gradual plan is intended to reduce fund balance levels to this range – specifically by funding capital items with excess reserves. A continuing priority is to ensure sufficient revenues are available for the level of operating expenditures.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Highland Village for its annual comprehensive financial report for the fiscal year ended September 30, 2023. This was the 31st consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

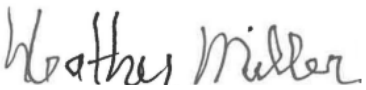
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA Distinguished Budget Presentation Award for its annual budget document for fiscal year 2024 – the City's nineteenth consecutive receipt of this award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

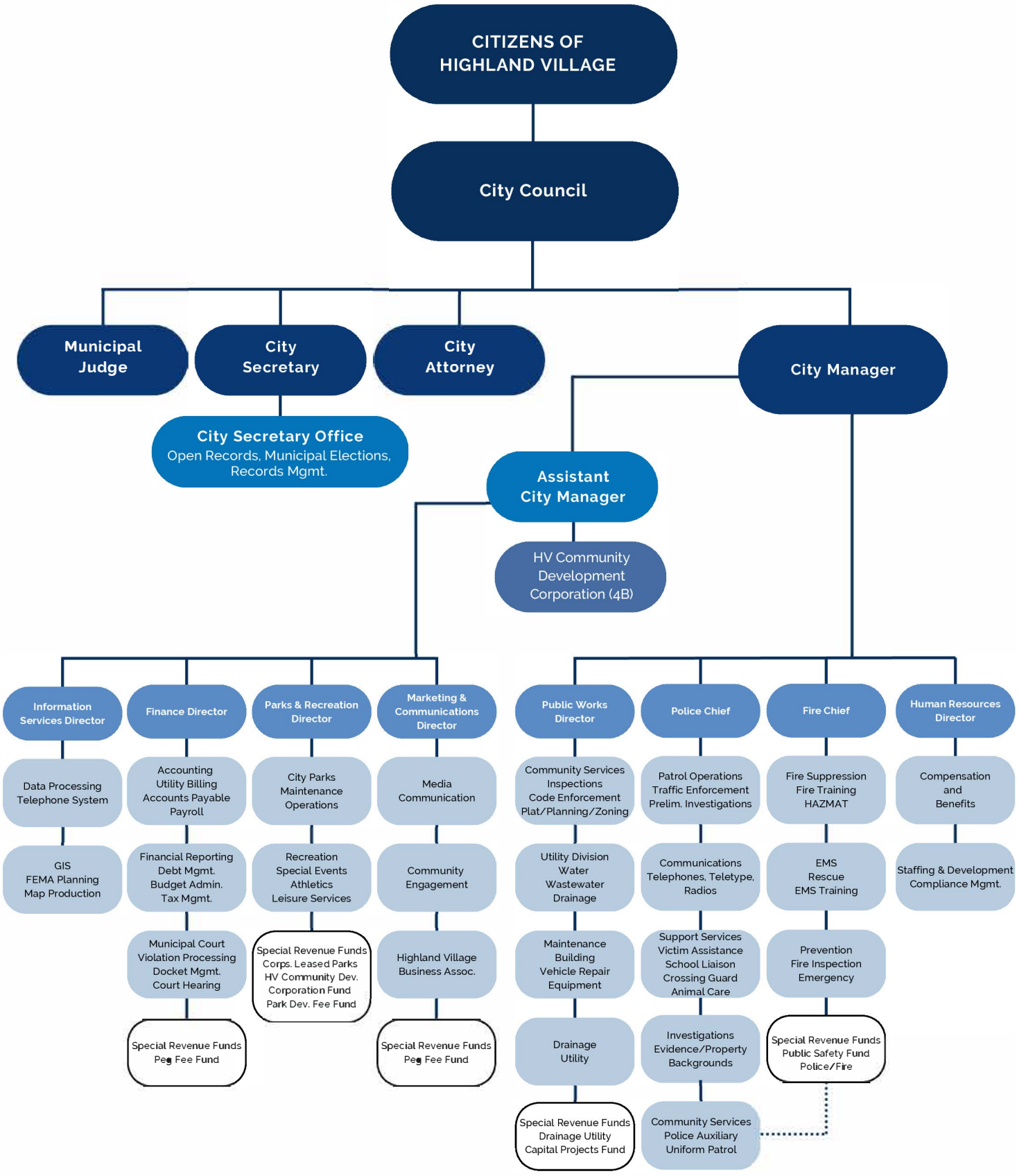
The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the City Council of the City of Highland Village, preparation of this report would not have been possible.

Sincerely,



Heather Miller
Finance Director


CITIZENS OF HIGHLAND VILLAGE
City Council
Municipal Judge
City Secretary
City Attorney
City Manager
City Secretary Office
Open Records, Municipal Elections, Records Mgmt.
Assistant City Manager
HV Community Development Corporation (4B)
Information Services Director
Finance Director
Parks & Recreation Director
Marketing & Communications Director
Public Works Director
Police Chief
Fire Chief
Human Resources Director
Data Processing Telephone System
GIS FEMA Planning Map Production
Accounting Utility Billing Accounts Payable Payroll
Financial Reporting Debt Mgmt. Budget Admin. Tax Mgmt.
Municipal Court Violation Processing Docket Mgmt. Court Hearing
Special Revenue Funds Peg Fee Fund
City Parks Maintenance Operations
Recreation Special Events Athletics Leisure Services
Special Revenue Funds Corps. Leased Parks HV Community Dev. Corporation Fund Park Dev. Fee Fund
Media Communication
Community Engagement
Highland Village Business Assoc.
Special Revenue Funds Peg Fee Fund
Community Services Inspections Code Enforcement Plat/Planning/Zoning
Utility Division Water Wastewater Drainage
Maintenance Building Vehicle Repair Equipment
Drainage Utility
Special Revenue Funds Drainage Utility Capital Projects Fund
Patrol Operations Traffic Enforcement Prelim. Investigations
Communications Telephones, Teletype, Radios
Support Services Victim Assistance School Liaison Crossing Guard Animal Care
Investigations Evidence/Property Backgrounds
Community Services Police Auxiliary Uniform Patrol
Fire Suppression Fire Training HAZMAT
EMS Rescue EMS Training
Prevention Fire Inspection Emergency
Special Revenue Funds Public Safety Fund Police/Fire
Compensation and Benefits
Staffing & Development Compliance Mgmt.

City of Highland Village, Texas
Organizational Chart
Fiscal Year 2023 - 2024

CITY OF HIGHLAND VILLAGE, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

SEPTEMBER 30, 2024

HOME RULE, COUNCIL-MANAGER FORM OF GOVERNMENT

MAYOR AND CITY COUNCIL

		Term Expires
Charlotte Wilcox, Mayor	Place 1	05/2026
Jon Kixmiller, Mayor Pro Tem	Place 2	05/2026
Kevin Cox	Place 3	05/2025
Shawn Nelson	Place 4	05/2026
Rhonda Hurst	Place 5	05/2025
Robert Fiester	Place 6	05/2026
Brian Fiorenza, Deputy Mayor Pro Tem	Place 7	05/2025

ADMINISTRATIVE

Paul Stevens	City Manager
Angela Miller	City Secretary
Ken Heerman	Assistant City Manager
Scott Kriston	Director of Public Works
Doug Reim	Police Chief
Scott Green	Fire Chief
Kim Lopez	Human Resources Director
Phil Lozano	Director of Parks and Recreation
Sunny Lindsey	Information Services Director
Laurie Mullens	Director of Communications and Marketing

Prepared by:
City's Finance Department

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Highland Village Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
and City Council
City of Highland Village, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Highland Village, Texas (the "City"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA
GAQC Member

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the City's fiscal year 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 25, 2025

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MANAGEMENT'S
DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Highland Village, we offer readers of the City of Highland Village's financial statements this narrative overview and analysis of the financial activities of the City of Highland Village for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Highland Village exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $63,272,582. Of this amount, $14,397,239 may be used to meet the government's ongoing obligations to citizens and creditors.

- The City of Highland Village's total net position increased by $1,819,636. A $718,864 increase in net position related to governmental activities and an increase of $1,100,772 in net position in business-type activities.

- As of September 30, 2024, the City of Highland Village's governmental funds reported combined ending fund balances of $29,977,058 an increase of $1,987,256 in comparison with the prior year. Approximately 31 percent of this total amount, $9,338,065 is available for spending at the government's discretion (unassigned fund balance).

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $9,338,065 or 41 percent of total General Fund expenditures.

- The City of Highland Village's total debt increased by $300,000 during the current fiscal year. This is attributed to a tax note issued for $2,805,000, net with debt payments of $2,505,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

The management's discussion and analysis are intended to serve as an introduction to the City of Highland Village's basic financial statements. The City of Highland Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Highland Village's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Highland Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Highland Village is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in the governmental fund financial statements.

In the Statement of Net Position and the Statement of Activities, the City is divided between two kinds of activities:

> **Governmental activities**. Most of the City's basic services are reported here, including the police, fire, community development, public works, information services, park services, municipal court, and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
>
> **Business-type activities**. The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer utilities are reported here.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council also establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of Highland Village can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The City of Highland Village maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other 8 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's Enterprise Fund (a component of proprietary funds) is identical to the business-type activities that are reported in the government-wide statements, but provide more detail and additional information, such as cash flows.

The City of Highland Village maintains an Enterprise Fund to account for water and sewer services provided to the City's retail and wholesale customers. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.
Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Highland Village's budgetary comparison schedules and its progress in funding its obligation to provide pension benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was $63,272,582 as of September 30, 2024. Analyzing the net position of governmental and business-type activities separately, governmental activities' net position was $48,032,013 and business-type activities' net position was $15,240,569. This analysis focuses on the net position (Table 1), and the changes in net position (Table 2).

The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TABLE 1

CITY OF HIGHLAND VILLAGE'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 35,228,353	$ 33,591,259	$ 10,681,893	$ 11,711,527	$ 45,910,246	$ 45,302,786
Capital assets	58,622,860	57,269,408	14,867,758	14,532,831	73,490,618	71,802,239
Total assets	93,851,213	90,860,667	25,549,651	26,244,358	119,400,864	117,105,025
Deferred outflows of resources	2,520,523	4,527,277	304,464	582,253	2,824,987	5,109,530
Long-term liabilities	38,771,780	40,048,538	8,357,623	9,481,085	47,129,403	49,529,623
Other liabilities	6,522,634	5,067,500	2,187,211	3,160,519	8,709,845	8,228,019
Total liabilities	45,294,414	45,116,038	10,544,834	12,641,604	55,839,248	57,757,642
Deferred inflows of resources	3,045,309	2,958,757	68,712	45,210	3,114,021	3,003,967
Net position:						
Net investment in capital assets	37,418,194	38,193,458	6,023,518	5,643,295	43,441,712	43,836,753
Restricted	3,664,933	1,942,776	1,768,698	1,847,117	5,433,631	3,789,893
Unrestricted	6,948,886	7,176,915	7,448,353	6,649,385	14,397,239	13,826,300
Total net position	$ 48,032,013	$ 47,313,149	$ 15,240,569	$ 14,139,797	$ 63,272,582	$ 61,452,946

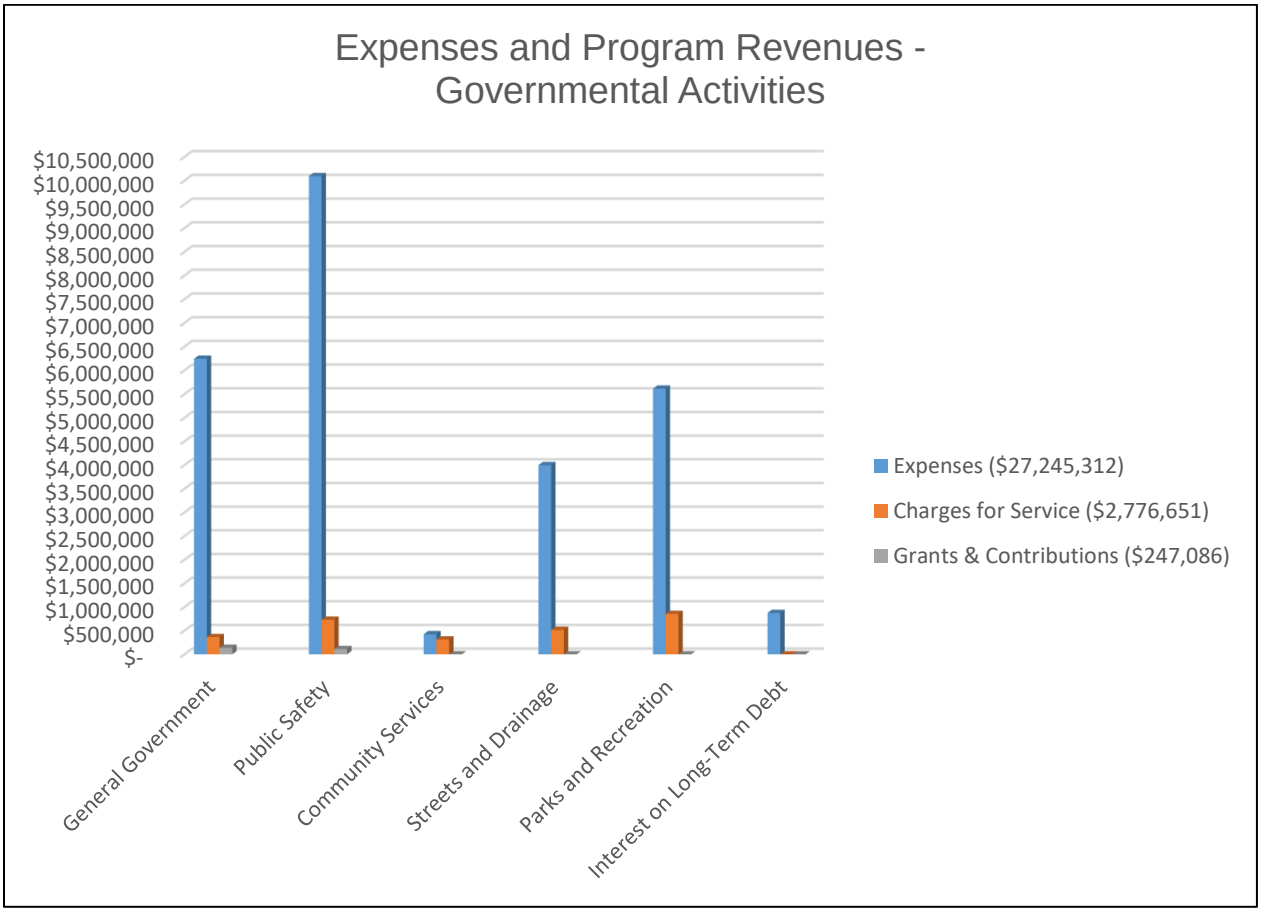
The following table (Table 2) provides a summary of the City's operations for the year ended September 30, 2024. Governmental activities increased the City's net position by $697,701 and business-type activities increased the City's net position by $1,092,098, resulting in a net $1,789,799 increase in total net position.

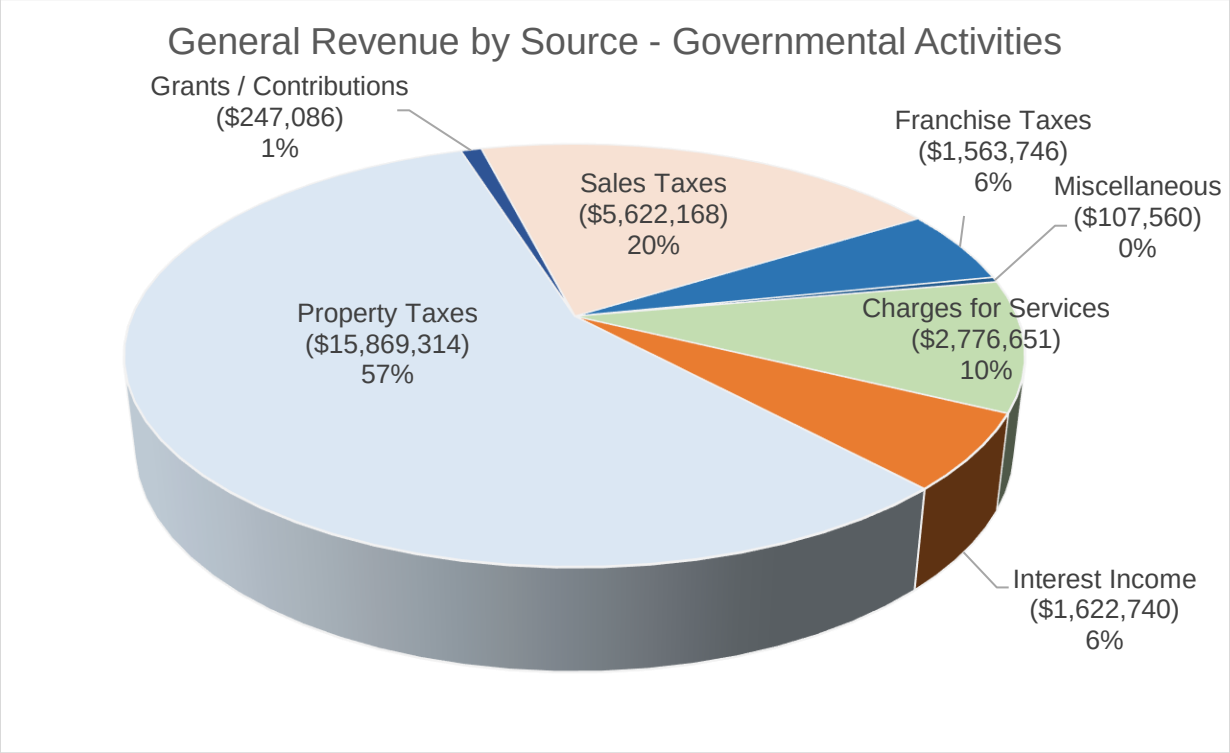
TABLE 2

CITY OF HIGHLAND VILLAGE'S CHANGES IN NET POSITION

	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	$ 2,776,651	$ 3,090,920	$ 10,273,938	$ 10,705,342	$ 13,050,589	$ 13,796,262
Operating grants and contributions	114,839	359,938	966,580	1,624,016	1,081,419	1,983,954
Capital grants and contributions	132,247	34,609	9,507	80,830	141,754	115,439
General revenues:						
Property taxes	15,869,314	15,415,395	-	-	15,869,314	15,415,395
Sales taxes	5,622,168	5,624,837	-	-	5,622,168	5,624,837
Franchise fees	1,563,746	1,621,744	-	-	1,563,746	1,621,744
Interest income	1,307,651	1,041,681	315,089	362,311	1,622,740	1,403,992
Miscellaneous	107,560	236,647	-	-	107,560	236,647
Total revenues	27,494,176	27,425,771	11,565,114	12,772,499	39,059,290	40,198,270
Expenses:						
General government	6,243,098	6,862,078	-	-	6,243,098	6,862,078
Public safety	10,093,477	9,462,725	-	-	10,093,477	9,462,725
Community services	423,751	418,562	-	-	423,751	418,562
Streets and drainage	3,997,479	3,309,502	-	-	3,997,479	3,309,502
Parks and recreation	5,613,243	5,534,709	-	-	5,613,243	5,534,709
Interest on long-term debt	874,264	840,324	-	-	874,264	840,324
Water and wastewater	-	-	9,994,342	9,997,492	9,994,342	9,997,492
Total expenses	27,245,312	26,427,900	9,994,342	9,997,492	37,239,654	36,425,392
Increases in net position before transfers	248,864	997,871	1,570,772	2,775,007	1,819,636	3,772,878
Transfers	470,000	470,000	(470,000)	(470,000)	-	-
Change in net position	718,864	1,467,871	1,100,772	2,305,007	1,819,636	3,772,878
Net position, beginning	47,313,149	45,845,278	14,139,797	11,834,790	61,452,946	57,680,068
Net position, ending	$ 48,032,013	$ 47,313,149	$ 15,240,569	$ 14,139,797	$ 63,272,582	$ 61,452,946

Governmental activities. The City's expenses for governmental activities are detailed below – with associated program revenues.


Expenses and Program Revenues - Governmental Activities
$10,500,000
$10,000,000
$9,500,000
$9,000,000
$8,500,000
$8,000,000
$7,500,000
$7,000,000
$6,500,000
$6,000,000
$5,500,000
$5,000,000
$4,500,000
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
General Government
Public Safety
Community Services
Streets and Drainage
Parks and Recreation
Interest on Long-Term Debt
Expenses ($27,245,312)
Charges for Service ($2,776,651)
Grants & Contributions ($247,086)


General Revenue by Source - Governmental Activities
Grants / Contributions ($247,086) 1%
Franchise Taxes ($1,563,746) 6%
Miscellaneous ($107,560) 0%
Sales Taxes ($5,622,168) 20%
Property Taxes ($15,869,314) 57%
Charges for Services ($2,776,651) 10%
Interest Income ($1,622,740) 6%

Net position associated with governmental activities increased $718,864 in FY 2024 – this compared to a $1,467,871 increase in net position in FY 2023.

- FY 2024 revenues increased $68,405 from the previous year. Key elements of this increase is as follows:

    - Charges for services decreased $314,269 reflective of decrease in Public Safety ($251,614 – primarily related to LISD participation for funding of school resources officers) and Community Services ($83,962 – largely due to decrease in building permitting).
    - Operating grants and contributions decreased $147,461 primarily reflective of DCTA TRip fund funds (Transportation Investment Program) provided to the City in FY 2023. This program provides for fifteen (15) percent of DCTA's net available fund balance from the previous fiscal year, divided among member cities (Denton, Lewisville, and Highland Village) proportional to sales and use tax receipts for the previous fiscal year.
    - Property taxes increased by $453,919 during the year. Most of this increase is the product of a 14.3% increase in the taxable assessed value of the property, partially mitigated by a decrease in the property tax rate.
    - Sales tax revenue decreased by $2,669. Collected sales tax collections were flat compared to prior year.
    - Investment earnings increased by $265,970, resulting from increase amount in the investment portfolio, offset by a slight decrease in yields.

- FY 2024 expenses increased $817,412 from FY 2023, reflecting inflation and increased service demand. The total expense amount of $27,245,312 was less than total revenues – creating a $248,864 increase in net position before transfers. This compares to a $997,871 increase in FY 2023 net position.

    - General government expenses decreased by $618,976. This decrease is primarily attributed to expenditures associated with expenses associated with completion of the facilities security upgrades totaling $303,997 as well as emergency repairs for both electric and plumbing in city facilities of $176,817 in FY 2023. A decrease of net pension liability of $178,222 substantially accounted for the remainder of the increase.

    - Public Safety expenses increased $630,748. $485,862 of this increase is attributed to entering into lease agreements related to vehicles and body cameras. The City also contributed to its pro-rata portion of constructing a regional fire training facility in the amount of $149,207.

    - Streets and drainage expenses increased $687,977. Cost related to the Highland Shores Asphalt Overlay project accounts for $592,528 of the increase. $98,553 of the increase is attributed to lease agreements entered into for the use of vehicles.

    - Parks and recreation expenses increased by $78,534. This increase is primarily attributed to increase in personnel cost related to turnover and retirement with the payout of accrued vacation and sick balances.

    - Interest on long-term debt increased $33,940.

Business-type activities: Business-type activities reflected a $1,100,772 increase in the City's net position – this compared to a $2,305,007 increase in net position in FY 2023. Overall, revenue exceeded expense and transfers.

- Charges for service decreased $431,404 from last year's total of $10,705,342. Water and sewer consumption decreased 120.3 million gallons and 101.2 million gallons, respectively compared to last year.
- Operating and capital grants and contributions decreased by $728,759. $966,580 in Coronavirus State and Local Fiscal Recovery Funds were expended in FY 2024, compared to $1,624,016 in FY 2023. Collected impact fees of $9,507 was a $71,323 reduction from last year.

- Interest income decreased $47,222, reflective of a slight reduction in yields coupled with a reduction in the investment portfolio.

- Expenses reflected a decrease of $448,480 from last year largely related to decreased maintenance costs. FY 2022 included expenses of $542,450 related to painting a groundwater storage tank that was not repeated in FY 2023.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $29,977,058 an increase of $1,987,256 in comparison with the prior year. Approximately 31 percent of this total amount, or $9,338,065, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is not available for spending because it has already been restricted - $18,239,008, committed - $91,008, assigned - $2,262,354, or non-spendable - $46,623.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $9,338,065, while total fund balance was $11,647,042. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 41 percent of total General Fund expenditures, while total fund balance represents 51 percent of that same amount.

The original budget for FY 2023 reflected a $807,495 drawdown of the projected fund balance of $9,188,912, primarily to fund lease payments on vehicles and purchase of parks software integration solution – while still providing for sufficient reserve balances. Actual ending fund balance for FY 2023 was $10,422,639. For FY 2024, revenues of $21,607,961 exceeded the budgeted amount by $224,588, while expenditures of $22,838,432 in FY 2024 were less than the budgeted amount by $56,711. Additionally, $1,733,396 of the total expenditure total was offset by financing sources of leases issued, coupled with $25,500 for SBITA's issued. These variances comprised the majority of the increase in fund balance of $1,224,403. Key factors affecting fund balance are as follows:

- Total General Fund revenues of $21,607,961 were increased from FY 2023 by $282,172.

    - Taxes reflected a $339,439 increase from FY 2023.
        - Property tax revenue increased by $400,608, mainly resulting from a 14.3% increase in assessed valuation, partially offset by a property tax decrease.
        - Sales tax revenue slightly decreased by $3,171.
        - Franchise fees decreased by $57,998.

    - Licenses, permits, and fees decreased by $48,905 in FY 2024, reflecting a decrease in commercial building activity and recreation programming participation.

- Investment earnings increased by $302,306, resulting from an increased portfolio balance, which was countered by a slight decrease in yields.

- Charges for Services revenues experienced a $177,875 decrease, related to LISD participation for funding of school resources officers.

- Miscellaneous revenue decreased by $129,087 due to insurance recovery received in FY 2023 from electrical damage at a City facility.

- Total General Fund expenditures of $22,838,432 represent an increase of $1,946,014 from the previous year.

  - Personnel expenditures totaling $15,066,722 reflected a decrease of $1,277,046 from FY 2023. This increase is related to an overall salary increases of 7.25%.

  - Services / Supplies expenditures totaling $4,978,759 decreased by $511,724.

    - An upgrade to City facilities were completed in FY 2023 contributing to $271,897 of the decrease in FY 2024.
    - An emergency electrical repair, which resulted in expenditures totaling $153,817, and a slab leak repair in the Fire Department, which required expenditures totaling $61,475 in FY 2023, contributed to the decrease in FY 2024.
    - The City's comprehensive plan and solid waste advisory services were completed in FY 2023, accounting for $119,623 of the decrease.
    - A proportionate payment to the joint regional fire training facility of $149,206 was made in FY 2024.
    - Parks moved certain park maintenance in house in FY 2024, providing a decrease of $76,562.

  - Capital Outlay expenditures increased by $778,027 in FY 2024, largely due to provision for leases issued of $1,863,263.

- Total Other Financing Sources (Uses) reflected a net total of $2,454,874 – a $694,322 increase from FY 2023. Base elements of this total include transfers-in of $470,000, $28,000, and $16,000 respectively, from the Utility Fund, Highland Village Economic Development Corporation and Drainage Utility Fund for support functions provided by the General Fund, as well as a transfer-in of $18,758 from the Public Safety Fund related to collected Child Safety Fees. These transfers-in were partially offset by transfers to the Drainage Utility Fund of $16,000 for the City's drainage fees. Also included were financing sources of $1,733,396 and $25,500 related to issuance of leases and software subscription agreements, respectively and proceeds from the sale of capital assets of $179,220.

The Capital Projects Fund ended the year with a $14,488,233 fund balance, an increase of $61,220 from FY 2023, primarily related to addressing projects associated with the $15.3M 2021 Certificates of Obligation, netted with proceeds from the Tax Note issued in FY 2024.

Remaining governmental funds reported a combined ending fund balance of $3,841,783, reflecting an increase of $701,633.

- Collective revenues of $5,408,378 for these funds reflected an increase of $122,879 from the previous year. The increase was largely reflective of an increase in investment earnings, $83,720, resulting from a larger portfolio. This was coupled by a $64,841 increase in intergovernmental primarily reflective of decreased donations in FY 2024 associated with the TPCA (Texas Police Chiefs Association) bike race to raise money for Texas fallen police officers.

- Combined expenditures of $4,659,987 increased $351,155. The increase is largely related to an increased debt service of $85,810. Also increased are expenditures related to parks and recreation across the Corps Leased Parks Fund ($54,066), and Highland Village Community Development Fund ($107,625). Drainage Utility maintenance increased $98,305 compared to last year.

- Total Other Financing Sources (Uses) reflected a net total of $-46,758 – a net $451 decrease from FY 2023. The Highland Village Community Development Corporation (HVCDC) transfers it's portion of debt service to the Debt Service Fund. The amount of this transfer for FY 2024 is $537,581.

Proprietary funds. The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

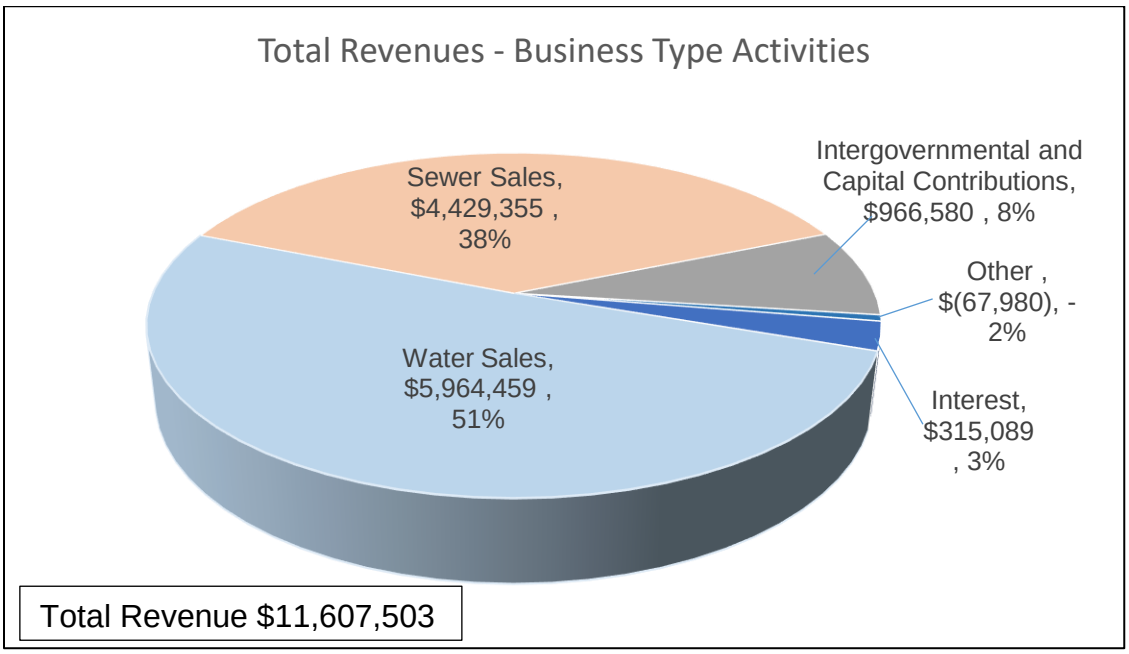
Net position in the Enterprise Fund totaled $15,240,569 at the end of the fiscal year 2024, an increase of $1,100,772, or 7.8%. Included in net position is $1,204,329 restricted for capital projects, $564,369 restricted for debt service, and unrestricted net position of $7,448,353. The remaining net position balance of $6,023,518 consists of net investments in capital assets.

- Utility operating revenues of $10,273,938 reflected a decrease of $431,404 or 4.0%, in FY 2024.

  - Water sales decreased $331,174.

  - Sewer sales decreased $96,218.

  - Other fees increased $47,884.


Total Revenues - Business Type Activities
Sewer Sales, $4,429,355 , 38%
Intergovernmental and Capital Contributions, $966,580 , 8%
Other , $(67,980), -2%
Water Sales, $5,964,459 , 51%
Interest, $315,089 , 3%
Total Revenue $11,607,503

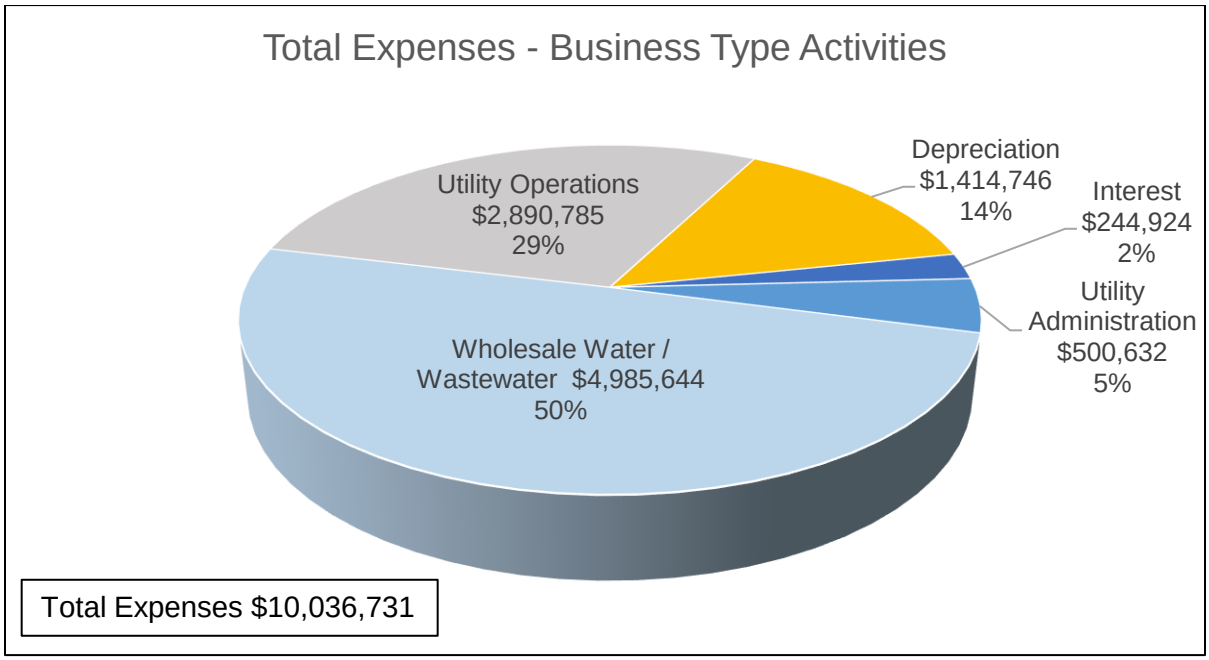
- Utility operating expenses of $9,791,807 increased $24,641, or 0.2%.

  - Administration expenses increased $17,622 in FY 2024.

  - Maintenance and Operations increased $47,659.
    - Wholesale water / sewer treatment cost increased $222,577.
    - Personnel expenses decreased $173,491.

- Services and supplies decreased $1,426.
  - Engineering increased $35,920.
  - Dues and memberships decreased $29,259.
  - Utilities increased $75,584.
  - Well lot maintenance decreased $85,811 primarily relating rehabilitation of the Lake Vista well in FY 2023
  - Sewer line maintenance decreased $102,602 due to an emergency sewer main line repair in FY 2023.
  - Lift Station maintenance increased $107,864, stemming from pump replacements.

- Depreciation decreased in FY 2024 by $40,640.



GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2023-2024, the City Council of the City of Highland Village amended the budget for the General Fund on two occasions, resulting in an increase in budgeted expenditures of $555,600. The majority of these appropriations relate to actions taken to fund unbudgeted items during the fiscal year.

Staff reviewed each supplemental appropriation throughout the year and determined that revenues provided sufficient reserves to recommend their increase. All budget amendments presented had either offsetting reductions or sufficient available fund balances reserves.

For fiscal year 2023-2024, actual expenditures on a budgetary basis were $22,838,432. This total was less than the original budgeted expenditures of $22,895,149 by $56,717, and $580,717 below the revised budget. The amendment requests approved during the year are summarized following:

- Personnel expenditures increased by a total of $69,000 which consists of increases in City Manager ($27,000), and Parks and Recreation ($42,000). These changes resulted from mid-year adjustments, turnover, personnel changes, insurance coverage elections, etc.

- Services and supplies expenditures increased in total by $250,000 which consists of the following amendments:

- Community Services – Increased $5,000 resulting from additional plan review services.
- Finance – Increased $30,000 related to an increased insurance premiums and a deposit of new budget software.
- Fire – Increased $25,000 related to additional cost for the Joint Training Facility.
- Information Services – Increased $50,000 due to maintenance software renewals priced higher than anticipated.
- Streets and Drainage - Increased $140,000 related to contracting additional debris removal service from a windstorm event.

- Capital outlay expenditures increased by $236,600 which include the acquisition of two positron electronic three-while personal patrol vehicle ($31,600), unanticipated purchase of grounds master mower ($80,000), and receipt of dump truck ordered in the previous year ($125,000).

Actual revenue on a budgetary basis was $21,607,961 compared to the original budget of $21,383,373, providing a positive variance of $224,588. Actual tax revenues were $348,199 less than the budget amount from lower than anticipated property tax and sales tax collections. Licenses, permits and fees actual revenues were more than budgeted by $41,910. Investment earnings were $440,788 more than budgeted, reflective of larger portfolios. Charges for services were $66,012 below the budgeted amount primarily related to LISD participation for funding of school resources officers.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets, for its governmental and business-type activities as of September 30, 2024, amounted to $73,490,618 (net of accumulated depreciation). This investment in capital assets includes land, building, park facilities, roads, bridges, water and sewer lines, machinery, equipment, and right-to-use assets.

Major capital asset events during the current fiscal year included the following:

Project	Amount
2022 Street Improvement Project	$1,864,951
Right to Use 30 Vehicles	1,487,451
Right to Use Body Cameras	711,660
Sandero, Bexar, Victoria, Malibu Waterlines	615,038
Unity Park Renovations & Irrigation	508,227
Edgewood Dr. Sewer Line Replacement	501,331
Brazos & Highland Village Rd Traffic Signal	479,733
Unity Park, Brazos Park, & Tennis Center Improvements	178,169
Street Reconstruction – Highland Shores	102,450
Gayle, Merriman, Oak Cedar Waterline	101,150
Pilot Knoll Park Improvements	95,116
Vac Trailer	90,335
Software Integration – ActiveNet / Ventek	82,400
Workman HD – Kubota Gas	73,664
Toro Groundsmaster 7200	55,718
Replace Force Mains WW Lift Stations 2&7 Water Lines	53,790
Brazos Blvd KCS Railroad Street Reconstruction	45,692
Doubletree Parking Lot Improvement	36,446
SBITA - Budget Software	25,500

TABLE 3

CITY OF HIGHLAND VILLAGE'S CAPITAL ASSETS AT YEAR-END

	2024	2023	2024	2023	2024	2023
Land	$ 17,183,848	$ 17,183,848	$ 75,713	$ 75,713	$ 17,259,561	$ 17,259,561
Land improvements	13,756,731	15,011,139			13,756,731	15,011,139
Buildings and improvements	3,649,533	4,161,147	502,180	574,101	4,151,713	4,735,248
Distribution system			11,052,362	11,482,993	11,052,362	11,482,993
Equipment	1,817,582	2,249,515	587,683	603,875	2,405,265	2,853,390
Infrastructure	16,462,407	16,046,457	6,759	7,374	16,469,166	16,053,831
Intagibles	97,376	-	-	-	97,376	-
Right to use equipment	2,271,636	923,001	329,722	52,066	2,601,358	975,067
Right to use building	330,442	345,405			330,442	345,405
SBITA	285,313	398,075	669,892	758,101	955,205	1,156,176
Construction in progress	2,767,992	950,821	1,643,447	978,608	4,411,439	1,929,429
Total capital assets	$ 58,622,860	$ 57,269,408	$ 14,867,758	$ 14,532,831	$ 73,490,618	$ 71,802,239

Additional information on the City's capital assets can be found in Note E on pages 41-42 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonds outstanding of $37,405,000. Of this amount, $30,215,000 is tax-supported debt. The remainder of the City of Highland Village's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

TABLE 4

CITY OF HIGHLAND VILLAGE'S OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
General obligations	$ 13,520,000	$ 15,110,000	$ 4,795,000	$ 5,475,000	$ 18,315,000	$ 20,585,000
Combination tax and revenue certificates of obligation	13,890,000	14,055,000	2,395,000	2,465,000	16,285,000	16,520,000
Tax notes	2,805,000	-	-	-	2,805,000	-
	$ 30,215,000	$ 29,165,000	$ 7,190,000	$ 7,940,000	$ 37,405,000	$ 37,105,000

The City's total debt increased by $300,000 during the current fiscal year. A key factor in this increase is the issuance of Tax Notes of $2,805,000, netted with debt payments of $2,505,000.

The City's tax supported debt is rated "AAA" by Standards & Poor's. The current ratio of tax-supported debt to assessed value of all taxable property is 1.18 percent.

Additional information on the City's outstanding debt can be found in Note G and H on page 43-46 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The fiscal year 2024-2025 budget was adopted by ordinance on September 17, 2024. The following summarizes the significant factors that were considered in adopting the budget.

- General fund revenues are budgeted to increase by 7.2% over the FY 2024 budget with property taxes making up 63% of the general fund budgeted revenues. The property tax taxable values increased by 5.9%, prompting a tax rate reduction to remain within revenue cap constraints. Accordingly, the Council approved a tax rate of $.500273 per $100 valuation, reduced from the previous $0.501394 tax rate. The updated tax rate comprises $0.424733 apportioned to maintenance and operation expenses and $0.075540 apportioned to pay interest and principal maturities on outstanding debt. Sales tax represents 18% of the budget general fund revenues. Sales tax collections are expected to increase 6.8% over the FY 2023 budgeted amount.

- General fund expenditures are budgeted to increase by 8.2% over the FY 2024 original budget.

    - Personnel expenditures represent 67% of budgeted general fund expenditures. The proposed total increase in personnel is $1,084,828 or 7% over FY 2024. The majority of this increase, $778,856, is related to an overall 6% salary increase. Two supplemental requests were approved:
        - Add one additional Paramedic position in addition to converting two existing positions with 84 hour bi-weekly shift to the traditional 2756 hour shift costing $129,345.
        - Add one part-time position in Recreation to assist with Senior All-Star programming, registrations, tours, classes, and pickleball programming.
    - Base salaries will experience a $71,464 increase resulting from turnover of tenured employees.
    - Health insurance premiums are expected to increase by $10,068.

- Supplies and services expenditures represent 30% of the budgeted general fund expenditures. Expenditures in this category are expected to increase by $131,697 or 1.8% from FY 2024.
    - Professional Services will increase $208,234 – largely attributed to a supplemental request of $22,000 to facilitate enhancement of the City's rating with the National Floodplain Insurance Program Community Rating System. Also included is procurement of service to reorganize and update Zoning Ordinance as need to address various interpretation issues and definitions with an estimated cost of $100,000. A facilities assessment, completed in FY 2024, identified significant levels of distress with interior building finishes and suggested floor slab movement. A deeper analysis by a structural engineer is recommended with an estimated cost of $70,000.
    - Supplies and equipment provide for a $33,013 decrease, stemming primarily from previous year's appropriation for Police addition of replacement body armor ($76,000) and Parks ($50,000) to convert tennis courts at Unity Park to Pickleball. Current year's appropriation includes planned roof replacements for Parks and Public Work facilities of $109,000.
    - Other expenditures provide for a decrease of $58,213. The significant factors for this decrease include:
        - Decreased replacements schedule for the vehicle lease program ($46,675) and a decrease in data processing resulting from last year including integration project for recreation software ($119,000).
        - Increases for recreation program Concerts in the Park of $17,500 and various upgrades to the Animal Shelter totaling $25,404.

- Capital outlay expenditures represent 3.3% of the budgeted general fund expenditures. Capital expenditures are budgeted at $823,100 - a $664,100 increase from the FY 2024 original budget. This is comprised of replacement of a generator at City Hall ($500,000), Parks Department field drag ($31,500), Fire Department RTV replacement ($25,000), and a Street Department sander ($21,000). Supplemental requests totaling $245,600 include a Police personal patrol vehicle ($16,000), Maintenance – emergency generator ($115,000), Parks – robotic mower ($11,000), larger water line / meter for Unity Park ($20,100), enhancements to the Unity Park pickle ball courts ($65,000) and an upgrade to the field drag replacement for a ballfield groomer (additional cost of $18,500).

- The water sales are budgeted at $6,187,489, representing an increase of 7% from the budget for FY 2024. Projections are based on normalized usage determined by the past several years history – applied to the projected home count. Wastewater sales are budgeted at $4,484,370, representing a 1.6% decrease from FY 2024.

- Water and wastewater expenses are budgeted at $10,025,808 representing a $644,535 or 6.9 % increase compared to FY 2024 budget. Various elements accounted for the increase:

    - Engineering for MCC replacements in three lift stations ($70,000) and engineering services for the first of a five-year sanitary sewer overflow initiative to address Collections, Management, and Operations Maintenance requirements ($40,000).
    - UTRWD Charges (Volume / Demand costs for purchase of wholesale water and processing of sanitary sewer) decreased by $65,066.
    - Personnel decreased $1,726 resulting from the 6% overall salary increases, offset by decreased health insurance premiums.
    - Utilities increased $49,760.
    - System maintenance increased $575,423, primarily for water storage tank painting ($353,000) and the propose acquisition of a camera to perform water line condition inspections ($116,000).
    - Capital decreased $30,000. The purchase of a compact hydraulic excavator ($84,000) was appropriated in the FY 2025 budget.

Information on commitments and contingencies is detailed in Note K on pages 53 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Highland Village, Finance Department, 1000 Highland Village Road, Highland Village, TX, 75077.

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BASIC
FINANCIAL STATEMENTS

CITY OF HIGHLAND VILLAGE, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 30,645,254	$ 6,559,526	$ 37,204,780
Receivables (net of allowances for uncollectibles)			
Taxes	1,520,766	-	1,520,766
Accounts	300,636	1,947,812	2,248,448
Leases	2,655,148	-	2,655,148
Other	57,229	4,557	61,786
Due from other governments	2,697	-	2,697
Inventories and prepaid items	46,623	310,530	357,153
Restricted cash and investments:			
Reserved bond debt service	-	564,369	564,369
Construction	-	1,204,329	1,204,329
Customer deposits	-	90,770	90,770
Capital assets:			
Nondepreciable	19,951,840	1,719,160	21,671,000
Depreciable, net	38,671,020	13,148,598	51,819,618
Total capital assets	58,622,860	14,867,758	73,490,618
Total assets	93,851,213	25,549,651	119,400,864
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	147,978	36,447	184,425
Related to pensions	2,306,710	260,580	2,567,290
Related to OPEB	65,835	7,437	73,272
Total deferred outflows of resources	2,520,523	304,464	2,824,987

The accompanying notes are an integral part of these financial statements.

CITY OF HIGHLAND VILLAGE, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	$ 1,597,777	$ 802,832	$ 2,400,609
Accrued liabilities	630,677	113,103	743,780
Retainage payable	138,903	50,360	189,263
Unearned revenue	84,947	-	84,947
Accrued interest	115,388	47,247	162,635
Customer deposits	-	90,770	90,770
Noncurrent liabilities:			
Due within one year:			
Long-term debt	3,944,800	1,081,728	5,026,528
Total OPEB liability	11,533	1,171	12,704
Due in more than one year:			
Arbitrage liability	678,477	-	678,477
Long-term debt	32,957,899	7,777,522	40,735,421
Net pension liability	4,792,054	541,339	5,333,393
Total OPEB liability	341,959	38,762	380,721
Total liabilities	45,294,414	10,544,834	55,839,248
DEFERRED INFLOWS OF RESOURCES			
Related to leases	2,513,847	-	2,513,847
Deferred gain on refunding	-	8,675	8,675
Related to pensions	371,861	42,008	413,869
Related to OPEB	159,601	18,029	177,630
Total deferred inflows of resources	3,045,309	68,712	3,114,021
NET POSITION			
Net investment in capital assets	37,418,194	6,023,518	43,441,712
Restricted for:			
Debt service	29,451	564,369	593,820
Community development	2,007,661	-	2,007,661
Public safety	148,771	-	148,771
Utility drainage	122,977	-	122,977
Public broadcasting	178,995	-	178,995
Capital projects	-	1,204,329	1,204,329
Park development and maintenance	1,177,078	-	1,177,078
Unrestricted	6,948,886	7,448,353	14,397,239
Total net position	$ 48,032,013	$ 15,240,569	$ 63,272,582

CITY OF HIGHLAND VILLAGE, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 6,243,098	$ 364,950	$ 4,933	$ 132,247
Public safety	10,093,477	730,751	109,906	-
Community services	423,751	312,711	-	-
Streets and drainage	3,997,479	514,692	-	-
Parks and recreation	5,613,243	853,547	-	-
Interest on long-term debt	874,264	-	-	-
Total governmental activities	27,245,312	2,776,651	114,839	132,247
Business-type activities:				
Water and wastewater	9,994,342	10,273,938	966,580	9,507
Total business-type activities	9,994,342	10,273,938	966,580	9,507
Total primary government	$ 37,239,654	$ 13,050,589	$ 1,081,419	$ 141,754

General revenues:
Taxes:
Property taxes, levied for general purposes
Property taxes, levied for debt service
Franchise
Sales
Unrestricted investment earnings
Miscellaneous
Transfers
Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (5,740,968)	$ -	$ (5,740,968)
(9,252,820)	-	(9,252,820)
(111,040)	-	(111,040)
(3,482,787)	-	(3,482,787)
(4,759,696)	-	(4,759,696)
(874,264)	-	(874,264)
(24,221,575)	-	(24,221,575)
-	1,255,683	1,255,683
-	1,255,683	1,255,683
(24,221,575)	1,255,683	(22,965,892)
13,726,279	-	13,726,279
2,143,035	-	2,143,035
1,563,746	-	1,563,746
5,622,168	-	5,622,168
1,307,651	315,089	1,622,740
107,560	-	107,560
470,000	(470,000)	-
24,940,439	(154,911)	24,785,528
718,864	1,100,772	1,819,636
47,313,149	14,139,797	61,452,946
$ 48,032,013	$ 15,240,569	$ 63,272,582

CITY OF HIGHLAND VILLAGE, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	General	Capital Projects
ASSETS		
Cash and investments	$ 11,751,980	$ 15,069,695
Receivables, net		
Taxes	1,205,344	-
Accounts	300,636	-
Leases	2,655,148	-
Other	-	40,539
Due from other governments	-	-
Prepaid items	25,746	-
Inventories	20,877	-
Total assets	15,959,731	15,110,234
LIABILITIES		
Accounts payable	807,733	622,001
Accrued liabilities	585,967	-
Unearned revenue	10,641	-
Total liabilities	1,404,341	622,001
DEFERRED INFLOWS OF RESOURCES		
Related to leases	2,513,847	-
Unavailable revenue:		
Property taxes	178,725	-
Municipal court fines	55,430	-
Ambulance	160,346	-
Grants	-	-
Total deferred inflows of resources	2,908,348	-
FUND BALANCES		
Nonspendable:		
Prepaid items	25,746	-
Inventories	20,877	-
Restricted for:		
Debt service	-	-
Public parks, recreation, and related projects	-	-
Public safety - law enforcement operations	-	-
Utility drainage operations	-	-
Capital projects	-	14,488,233
Public broadcasting	-	-
Park development and maintenance	-	-
Committed - park development and maintenance	-	-
Assigned for:		
Subsequent year's budget - appropriation of fund balance	1,138,908	-
City manager- professional services	52	-
Finance - professional services	58,988	-
Information services - professional services	44,644	-
Public safety - police - services and supplies	37,584	-
Public safety - fire - services and supplies	699,627	-
Streets - maintenance and professional services	223,403	-
Maintenance - fleet and building maintenance	7,906	-
Parks - maintenance and supplies	5,712	-
Recreation - services	45,530	-
Unassigned	9,338,065	-
Total fund balances	11,647,042	14,488,233
Total liabilities, deferred inflows of resources, and fund balances	$ 15,959,731	$ 15,110,234

The accompanying notes are an integral part of these financial statements.

Other Governmental	Total Governmental Funds
$ 3,823,579	$ 30,645,254
315,422	1,520,766
-	300,636
-	2,655,148
16,690	57,229
2,697	2,697
-	25,746
-	20,877
4,158,388	35,228,353
168,043	1,597,777
44,710	630,677
74,306	84,947
287,059	2,313,401
-	2,513,847
29,546	208,271
-	55,430
-	160,346
-	-
29,546	2,937,894
-	25,746
-	20,877
115,293	115,293
2,007,661	2,007,661
148,771	148,771
122,977	122,977
-	14,488,233
178,995	178,995
1,177,078	1,177,078
91,008	91,008
-	1,138,908
-	52
-	58,988
-	44,644
-	37,584
-	699,627
-	223,403
-	7,906
-	5,712
-	45,530
-	9,338,065
3,841,783	29,977,058
$ 4,158,388	$ 35,228,353

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CITY OF HIGHLAND VILLAGE, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

Total fund balance, governmental funds		$ 29,977,058
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		58,622,860
Uncollected revenues are reported as unavailable resources in the governmental funds balance sheet, but are recognized as a revenue in the statement of activities.		
Property taxes	$ 208,271	
Ambulance fees	160,346	
Court fines	55,430	
		424,047
Long-term liabilities, including bonds and tax notes payable, are not due and payable in the current period and are therefore not reported in the funds. Also, the loss on refunding of bonds and premium on issuance of bonds are not included in the funds. The details of these differences are as follows:		
Bonds payable	(27,410,000)	
Tax notes	(2,805,000)	
Leases	(2,533,468)	
SBITA's	(238,076)	
Deferred amount on refunding	147,978	
Issuance premium	(2,655,251)	
Retainage payable	(138,903)	
Arbitrage	(678,477)	
Accrued interest	(115,388)	
Compensated absences	(1,260,904)	
		(37,687,489)
Included in the items related to long-term liabilities is the recognition of the City's net pension liability and deferred outflow and inflow of resources related to pensions.		
Deferred outflow related to pensions	2,306,710	
Deferred inflow related to pensions	(371,861)	
Deferred outflow related to post employment benefits	65,835	
Deferred inflow related to post employment benefits	(159,601)	
Total OPEB liability	(353,492)	
Net pension liability	(4,792,054)	
		(3,304,463)
Net position of governmental activities in the statement of net position		$ 48,032,013

The accompanying notes are an integral part of these financial statements.

CITY OF HIGHLAND VILLAGE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General	Capital Projects
REVENUES		
Taxes	$ 19,050,626	$ -
Fines and forfeitures	147,984	-
Licenses, permits and fees	726,531	-
Intergovernmental	4,933	421,041
Charges for services	682,379	-
Investment earnings	887,948	744,719
Miscellaneous	107,560	-
Total revenues	21,607,961	1,165,760
EXPENDITURES		
Current:		
General government:		
City manager	591,655	-
Finance	1,487,071	-
Marketing and communication	482,932	-
Human resources	489,863	-
City secretary	430,202	-
Maintenance	1,281,965	-
Information services	1,241,128	-
Public safety:		
Police	5,767,173	-
Fire	3,675,989	-
Community services	409,500	-
Streets and drainage	1,403,733	631,338
Parks and recreation	2,784,271	-
Debt service:		
Principal	577,747	-
Interest and other	75,609	46,411
Capital outlay	2,139,594	3,231,791
Total expenditures	22,838,432	3,909,540
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,230,471)	(2,743,780)
OTHER FINANCING SOURCES (USES)		
Transfers in	532,758	-
Transfers out	(16,000)	-
Issuance of bonds	-	2,805,000
Issuance of leases	1,733,396	-
Issuance of SBITA's	25,500	-
Sale of capital assets	179,220	-
Total other financing sources and uses	2,454,874	2,805,000
NET CHANGE IN FUND BALANCES	1,224,403	61,220
FUND BALANCES, BEGINNING	10,422,639	14,427,013
FUND BALANCES, ENDING	$ 11,647,042	$ 14,488,233

The accompanying notes are an integral part of these financial statements.

Other Governmental	Total Governmental Funds
$ 3,940,941	$ 22,991,567
-	147,984
1,182,607	1,909,138
109,906	535,880
-	682,379
174,924	1,807,591
-	107,560
5,408,378	28,182,099
-	591,655
14,471	1,501,542
-	482,932
-	489,863
-	430,202
-	1,281,965
-	1,241,128
53,847	5,821,020
2,541	3,678,530
-	409,500
640,821	2,675,892
1,191,297	3,975,568
1,755,000	2,332,747
960,711	1,082,731
41,299	5,412,684
4,659,987	31,407,959
748,391	(3,225,860)
555,165	1,087,923
(601,923)	(617,923)
-	2,805,000
-	1,733,396
-	25,500
-	179,220
(46,758)	5,213,116
701,633	1,987,256
3,140,150	27,989,802
$ 3,841,783	$ 29,977,058

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CITY OF HIGHLAND VILLAGE, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balances - total governmental funds:		$ 1,987,256
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the assets' estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital outlay	$ 5,518,296	
Retainage	(117,740)	
Depreciation expense	(4,060,505)	
		1,340,051
In the statements of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets disposed.		(104,339)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The details of these differences are as follows:		
Property taxes	63,661	
Ambulance fees	21,479	
Court fines	15,671	
Grants	(288,794)	
Arbitrage	(499,940)	
		(687,923)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while issuing debt increases long-term liabilities in the statement of net position. The repayment of the principal portion of bonds, leases and tax notes is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
Issuance of tax notes	(2,805,000)	
Issuance of leases	(1,733,396)	
Issuance of SBITA's	(25,500)	
Payments on bonds	1,755,000	
Payments on leases	438,820	
Payments on SBITA's	138,927	
		(2,231,149)
Certain pension and other postemployment benefits expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows and inflows related to the pension and other post employment benefits liability were amortized.		138,116
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	68,385	
Accrued interest	8,897	
Amortization of deferred loss of refunding bonds	(14,555)	
Amortization of premium on bond issuances	214,125	
		276,852
Change in net position of governmental activities		$ 718,864

The accompanying notes are an integral part of these financial statements.

CITY OF HIGHLAND VILLAGE, TEXAS

STATEMENT OF NET POSITION
ENTERPRISE - WATER AND WASTEWATER FUND

SEPTEMBER 30, 2024
(With Comparative Totals as of September 30, 2023)

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,559,526	$ 6,673,358
Accounts receivable, net	1,947,812	2,090,298
Other receivables	4,557	4,557
Inventories	305,965	233,173
Prepaid items	4,565	4,565
Restricted cash and investments:		
Reserve bond debt service	564,369	567,777
Capital improvements	-	763,639
Construction	1,204,329	1,279,340
Customer deposits	90,770	94,820
Total current assets	10,681,893	11,711,527
Non-current assets:		
Capital assets:		
Nondepreciable capital assets	1,719,160	1,054,321
Depreciable capital assets, net of accumulated depreciation	13,148,598	13,478,510
Total capital assets	14,867,758	14,532,831
Total non-current assets	14,867,758	14,532,831
Total assets	25,549,651	26,244,358
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	36,447	51,041
Related to pensions	260,580	521,608
Related to other postemployment benefits	7,437	9,604
Total deferred outflows of resources	304,464	582,253

The accompanying notes are an integral part of these financial statements.

CITY OF HIGHLAND VILLAGE, TEXAS

STATEMENT OF NET POSITION
ENTERPRISE - WATER AND WASTEWATER FUND

SEPTEMBER 30, 2024
(With Comparative Totals as of September 30, 2023)

	2024	2023
LIABILITIES		
Current liabilities:		
Accounts payable	$ 802,832	$ 974,659
Accrued expenses	113,103	103,374
Accrued interest	47,247	41,223
Retainage payable	50,360	19,821
Customer deposits	90,770	94,820
Unearned revenue	-	966,580
Current portion of long-term debt	1,081,728	959,069
Total OPEB Liability	1,171	973
Total current liabilities	2,187,211	3,160,519
Noncurrent liabilities:		
Net pension liability	541,339	876,589
Total OPEB liability	38,762	38,058
Noncurrent portion of long-term debt	7,777,522	8,566,438
Total noncurrent liabilities	8,357,623	9,481,085
Total liabilities	10,544,834	12,641,604
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding	8,675	10,639
Related to pensions	42,008	10,235
Related to other postemployment benefits	18,029	24,336
Total deferred inflows of resources	68,712	45,210
NET POSITION		
Net investment in capital assets	6,023,518	5,954,072
Restricted for debt service	564,369	567,777
Restricted for capital projects	1,204,329	1,279,340
Unrestricted	7,448,353	6,338,608
Total net position	$ 15,240,569	$ 14,139,797

CITY OF HIGHLAND VILLAGE, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE - WATER AND WASTEWATER FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024
(With Comparative Totals For the Year Ended September 30, 2023)

	2024	2023
REVENUES		
Charges for services	$ 10,273,938	$ 10,705,342
Total operating revenues	10,273,938	10,705,342
OPERATING EXPENSES		
Administration	500,632	483,010
Maintenance and operations	7,876,429	7,828,770
Depreciation	1,414,746	1,455,386
Total operating expenses	9,791,807	9,767,166
OPERATING INCOME (LOSS)	482,131	938,176
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment revenue	315,089	362,311
Gain on disposal of capital assets	42,389	14,755
Intergovernmental grant revenue	966,580	1,624,016
Interest expense	(244,924)	(245,081)
Total non-operating revenues (expenses)	1,079,134	1,756,001
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	1,561,265	2,694,177
Capital contributions - impact fees	9,507	80,830
Transfers out	(470,000)	(470,000)
CHANGE IN NET POSITION	1,100,772	2,305,007
TOTAL NET POSITION, BEGINNING	14,139,797	11,834,790
TOTAL NET POSITION, ENDING	$ 15,240,569	$ 14,139,797

The accompanying notes are an integral part of these financial statements.

CITY OF HIGHLAND VILLAGE, TEXAS

STATEMENT OF CASH FLOWS
ENTERPRISE - WATER AND WASTEWATER FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024
(With Comparative Totals For the Year Ended September 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	$ 10,412,374	$ 10,381,158
Cash paid to suppliers for goods and services	(7,175,708)	(6,942,917)
Cash paid to employees for services	(1,498,367)	(1,347,359)
Net cash provided by operating activities	1,738,299	2,090,882
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(470,000)	(470,000)
Net cash provided (used) by noncapital financing activities	(470,000)	(470,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	42,389	14,755
Acquisition and construction of capital assets	(1,418,589)	(729,875)
Principal paid on bonds	(750,000)	(735,000)
Principal paid on leases	(48,918)	-
Principal paid on SBITA's	(83,411)	(89,619)
Capital contributions	9,507	80,830
Interest and other charges paid on debt	(294,306)	(297,215)
Net cash provided (used) by capital and related financing activities	(2,543,328)	(1,756,124)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	315,089	362,311
Net cash provided by investing activities	315,089	362,311
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(959,940)	227,069
CASH AND CASH EQUIVALENTS, BEGINNING	9,378,934	9,151,865
CASH AND CASH EQUIVALENTS, ENDING	$ 8,418,994	$ 9,378,934
(Including $6,559,526 and $1,859,468 reported as restricted cash and investments)		

The accompanying notes are an integral part of these financial statements.

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CITY OF HIGHLAND VILLAGE, TEXAS

STATEMENT OF CASH FLOWS
ENTERPRISE - WATER AND WASTEWATER FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024
(With Comparative Totals For the Year Ended September 30, 2023)

	2024	2023
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ 482,131	$ 938,176
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	1,414,746	1,455,386
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Decrease (increase) in assets and deferred outflows:		
Customer receivable	142,486	(313,659)
Other receivables	-	-
Inventories	(72,792)	11,464
Deferred outflow related to pensions	261,028	(383,789)
Deferred outflow related to OPEB	2,167	2,494
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	(171,827)	(88,573)
Accrued liabilities	9,729	22
Customer deposits	(4,050)	(10,525)
Compensated absences	(16,437)	13,521
Other post employment benefits	902	(18,464)
Net pension liability	(335,250)	798,128
Deferred inflow related to pensions	31,773	(332,535)
Deferred inflow related to OPEB	(6,307)	19,236
Net cash provided by operating activities	$ 1,738,299	$ 2,090,882
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Equipment acquired through leases	$ 300,545	$ 51,922
Software acquired through SBITA's	-	846,310

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Highland Village adopted a Home Rule Charter in April 1985 and operates under a Council-Manager form of government. All powers of the City are vested in an elected Council, which enacts local legislation, adopts budgets, determines policies and appoints the City Manager. The City Manager is responsible for executing the laws and administering the government of the City. The City Council consists of seven members, a mayor and six Councilpersons elected by the City's residents.

The City's Annual Comprehensive Financial Report presents the financial position, changes in financial position and cash flows where applicable of the City. The reporting entity is the primary government and those component units for which the primary government is financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

City of Highland Village voters, in November 2004, approved, in a special election, the creation of the Highland Village Community Development Corporation. The Corporation was formed for the purpose of funding public parks, recreation, and projects from revenues derived from a one-half cent sales tax within the City of Highland Village. The City Council appoints a board and board members are removable by the City Council, for cause or at will. Four out of seven board members are on City Council. In the event of dissolution title of all the assets transfer to the City. The operational responsibility of the Community Development Corporation is managed essentially the same manner as other City programs and activities. The Community Development Corporation is reported as a Special Revenue Fund. Financial statement information can be obtained by contacting the Highland Village Community Development Corporation, 1000 Highland Village Rd., Highland Village, Texas 75077.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences and claims and judgments, are recorded when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund – is the operating fund of the City. It is utilized to account for all financial resources except those required to be accounted for in other funds.

Capital Projects Fund – is used typically funded from serial bond proceeds, legally authorized debt instruments issued for specific projects, or funds from settlements or assessments that correspond to capital projects.

The City reports the following major proprietary fund:

Enterprise – Water and Wastewater Fund – is used to account for the water and wastewater operations that are financed and operated in a manner similar to private business enterprises, where the intent of the City is that costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered through user charges.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include administration, maintenance and operations, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, Deferred Inflows/Outflows of Resources, Liabilities, and Net Position or Fund Balance

Cash and Investments

For the purposes of the statement of cash flows, cash equivalents are defined as short-term highly liquid investments with an original maturity of three months or less.

Investments in government pools are recorded at amortized cost. All other investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current traction between willing parties.

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined financial statements as cash and investments or restricted cash and investments. The City's cash and investments are considered as cash equivalents as they can be readily converted to cash at their carrying value.

Receivables and Payables

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

All trade receivables are shown net of allowance for uncollectible accounts based on an analysis of historical trends.

Property Taxes

Ad valorem taxes are levied from valuations assessed as of January 1 and recognized as revenue on the date of levy, on October 1. Property tax receivables are recognized when the City has an enforceable claim against the property owner. In the governmental funds, property tax revenue is recognized in the fiscal period for which the taxes are levied, provided that they become available. Available means collected within the current period, or expected to be collected soon enough thereafter, to be used to pay current liabilities. The City's availability period is 60 days. Taxes collected prior to the levy date to which they apply are recorded as deferred revenues and recognized as revenue of the period to which they apply.

Current taxes are due on October 1 and become delinquent if unpaid on February 1. Taxes unpaid as of February 1 are subject to penalty and interest as the City Council provides by ordinance. On January 1 of each year, a tax lien attaches to property to secure all taxes, penalties and interest ultimately imposed.

Unbilled Services

Utility operating revenues (water, sewer and refuse collection) are billed on monthly cycles. Customers are billed for periods ending the 15th of each month on the last day of the month. The City records estimated revenues for services delivered during the current fiscal year, which will be billed during the next fiscal year.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first out (FIFO) method. Inventories in governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

Restricted Assets

Certain proceeds of the City's Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "reserve bond debt service" account is used to report resources set aside to subsidize potential deficiencies from the City's operation that could adversely affect debt service payments. The "construction funds" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction.

Impact fees collected from developers to cover, in whole or in part, the anticipated costs of improvements that will be necessary as a result of the development are set aside in the "capital improvements" account.

Deposits collected from utility customers are set aside until repayment.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets within an initial, individual cost threshold by asset class and an estimated useful life in excess of four years. Such assets are recorded at historical cost or an estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation expense is calculated principally on the straight-line method. Depreciation methods are designed to amortize the cost of the assets over their estimated useful lives. Estimated useful lives and capitalization thresholds of capital asset classes are as follows:

Capital Asset Class	Capitalization Threshold	Useful Life (Years)
Land	$ 50,000	Indefinite
Infrastructure	250,000	20
Buildings and Improvements	100,000	30
Land Improvements	50,000	20
Machinery and equipment	5,000	5 - 10
Intangibles	5,000	5 - 10
Right to use equipment	5,000	5 - 10
Right to use building	5,000	30
Right to use software	5,000	2 - 5

Accrued Vacation

It is the City's policy to grant employees vacation leave earned at the rate of 10 days a year for at least one but less than 5 years continuous service, 15 days for at least 5 but less than 10 years continuous service, and 20 days for at least 10 years continuous service. Upon termination, the employee shall be paid at the hourly rate of pay such employee was earning on the effective date of termination.

The City also grants employees sick leave earned at the rate of 12 days a year. Upon termination, employees are paid for one-half of the actual number of days earned up to a maximum of 45 days. Obligations under compensated absence arrangements are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City utilizes the last-in first-out method of recognizing the use of compensated absences. Thus, unless it is anticipated that compensated absences of governmental fund types will be used/paid in excess of a normal year's accumulation, no amount is classified as current.

Long-term Obligations

In the government-wide financial statements and the proprietary fund in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Leases

The City has entered into various lease agreements as either lessee and lessor. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

Lessee. The City is a lessee for noncancellable leases of equipment and buildings. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor. The City is a lessor in an arrangement allowing the placement of cellular towers on City property. In both the government-wide financial statements and the governmental fund financial statements, the City initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

Subscription-Based Information Technology Arrangements

The City is a lessee for subscription-based IT arrangements (SBITAs). The City recognizes liability and an intangible right-to-use asset in the government-wide financial statements.

At the commencement of a SBITA, the City initially measures the liability at the present value of payments expected to be made during the agreement term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) agreed upon payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate.

- The agreement term includes the noncancellable period of the SBITA.

- The agreed upon payments included in the measurement of the liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. These right to use assets are reported with other capital assets and liabilities are reported with long- term debt on the statement of net position.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

Supplemental Death Benefit. For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the total OPEB liability, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

- Changes in economic and demographic actuarial assumptions or of other inputs included in determining the pension and other post-employment benefit liability – these effects on the total pension liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active or inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows or resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, municipal court fines, ambulance, and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has several types of these items that are recorded under the full accrual basis of accounting as followed:

- Deferred loss on refunding – This results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

- Difference in expected and actual pension and OPEB experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Changes in actuarial assumptions and other inputs – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Deferred inflows related to leases for its lessor transactions. These amounts offset the receivable related to the lease and will be recognized systematically in future years over the life of the lease.

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by Ordinance of the City Council, the City's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net Position

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of debt related to capital assets and accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Comparative Data and Reclassifications

Comparative total data for the prior year is presented only for the Enterprise Fund in the fund financial statements in order to provide an understanding of changes in the financial position and operations of this fund. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

2. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

Deposits and investments are made in accordance with the provisions of the bank depository agreement or in any negotiable instrument the Council has authorized under the City's approved investment policy and the provisions of the Public Funds Investment Act of 1987, as amended.

Investments held at year-end are as follows:

	Carrying Value	Weighted Average Maturity (Days)
TexPool	$ 7,976,889	26
TexStar	5,800,056	24
Total investments	$ 13,776,945	

Cash and investments are reported as restricted assets as required by debt issues and City ordinance. The monies in government investment pools represent investments in TexPool and TexStar, investment pools for state and local governments in Texas. The State Comptroller of Public Accounts exercises oversight responsibilities over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an Advisory Board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

The Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (the "Act"), provide for the creation of public funds investment pools, such as Texas Short-term Reserve Fund ("TexStar"), and TexPool, through which political subdivisions and other entities may invest public funds.

J.P. Morgan Fleming Asset Management (USA), Inc. ("JPMFAM") and First Southwest Asset Management, Inc. ("FSAM") serve as co-administrators for TexStar under an agreement with the TexStar board of directors. JPMFAM provides investment service and FSAM provides participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by J.P. Morgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services Co. TexStar bylaws provide for a five-member board of directors consisting of three representatives of participants and one member designated by each of the co-administrators.

TexPool and TexStar have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Both TexPool and TexStar are rated AAAm by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as the office of the Comptroller of Public Accounts for review.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investments are with TexPool and TexStar with maturities of less than one year.

Credit Risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. All investment pools' policies require a rating of AA or better from a nationally recognized rating agency.

Concentration of Credit Risk. The City's investments are issued or explicitly guaranteed by external investment pools, which are not considered to provide a concentration of credit risk.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act requires that a financial institution secure deposits made by state or local government entities by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least the bank balances less FDIC insurance at all times. The City's cash deposits in the bank on September 30, 2024, were covered by federal depository insurance or by collateral held by the City's agent in the City's name.

B. Receivables

Receivables as of year-end for the City's individual major funds and nonmajor governmental funds, including the applicable allowance for estimated uncollectible accounts, are as follows:

	General	Capital Projects	Nonmajor Governmental	Enterprise	Total
Receivables:					
Taxes	$1,205,344	$ -	$ 315,422	$ -	$1,520,766
Accounts	965,535	-	-	1,373,644	2,339,179
Unbilled accounts	-	-	-	611,295	611,295
Leases	2,655,148		-	-	2,655,148
Other	-	40,539	16,690	4,557	61,786
Gross receivables	4,826,027	40,539	332,112	1,989,496	7,188,174
Less: allowance for uncollectibles	(664,899)	-	-	(37,127)	(702,026)
Net total receivables	$4,161,128	$ 40,539	$ 332,112	$1,952,369	$6,486,148

Lease Receivable

In prior years, the City entered into multiple leases as lessor for the placement of cellular antennas on City property and use of City land by multiple telecommunications company. The lessees are required to make annual payments ranging from $35,160 to $42,084 for the antenna facilities, and monthly payments ranging from $2,000 to $2,281 for the use of land.

A summary of the City's lease receivables as of September 30, 2024, is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Receivable	Interest Current Year	Reductions Current Year	Amounts Receivable 9/30/24
Right to Use:						
Antenna facilities	.74%-.99%	2007	$ 479,598	$ 3,653	$ 71,765	$ 268,618
Land	1.24%-1.74%	2018	2,516,813	41,215	48,279	2,386,530
Totals				$ 44,868	$ 120,044	$ 2,655,148

C. Unearned Revenue

Unearned revenue generally relates to cash received in advance of performance obligations being completed by the City. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

General fund:	
Franchise taxes	$ 6,292
Park fees	4,349
Total general fund	10,641
Nonmajor governmental fund:	
Parks fees	74,306
Total nonmajor governmental fund	74,306
Total governmental funds	$ 84,947

D. Interfund Transfers

The following is a summary of transfers for the current fiscal year:

	Transfers in		
Transfers out	General	Nonmajor Governmental	Total
General	$ -	$ 16,000	$ 16,000
Nonmajor governmental	62,758	539,165	601,923
Water and wastewater	470,000	-	470,000
	$ 532,758	$ 555,165	$ 1,087,923

The purpose of transfers is as follows:

- The transfer to non-major governmental funds was for a drainage fee associated with impermeable square footage of public buildings.
- The transfer from the Nonmajor Governmental Fund to the Debt Service Fund is a for debt service payments made on behalf of the HVCDC.
- The transfer from Nonmajor Governmental Fund to the General Fund is for support services.
- The transfer from the Water and Wastewater Fund to the General Fund represents a payment in lieu of taxes.

E. Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 17,183,848	$ -	$ -	$ 17,183,848
Construction in progress	950,821	3,337,649	(1,520,478)	2,767,992
Total assets not being depreciated	18,134,669	3,337,649	(1,520,478)	19,951,840
Capital assets, being depreciated:				
Land improvements	28,814,292	-	37,016	28,851,308
Buildings and improvements	16,109,709	-		16,109,709
Equipment	10,494,531	191,392	(421,018)	10,264,905
Infrastructure	45,891,490	-	1,483,462	47,374,952
Intangibles	537,690	100,489	-	638,179
Right to use equipment	1,109,818	1,863,266	(105,431)	2,867,653
Right to use building	365,356	-	-	365,356
SBITA	513,893	25,500	-	539,393
Total capital assets being depreciated	103,836,779	2,180,647	994,029	107,011,455
Less accumulated depreciation:				
Land improvements	13,803,153	1,291,424	-	15,094,577
Buildings and improvements	11,948,562	511,614	-	12,460,176
Equipment	8,245,016	583,008	(380,701)	8,447,323
Infrastructure	29,845,033	1,067,512	-	30,912,545
Intangibles	537,690	3,113	-	540,803
Right to use equipment	186,817	450,609	(41,409)	596,017
Right to use building	19,951	14,963	-	34,914
SBITA	115,818	138,262	-	254,080
Total accumulated depreciation	64,702,040	4,060,505	(422,110)	68,340,435
Total capital assets being depreciated, net	39,134,739	(1,879,858)	1,416,139	38,671,020
Governmental activities capital assets, net	$ 57,269,408	$ 1,457,791	$ (104,339)	$ 58,622,860

	Beginning Balance	Increases	Decreases/ Reclassifications	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 75,713	$ -	$ -	$ 75,713
Construction in progress	978,608	1,307,859	(643,020)	1,643,447
Total assets not being depreciated	1,054,321	1,307,859	(643,020)	1,719,160
Capital assets, being depreciated:				
Buildings	1,469,618	-	-	1,469,618
Improvements other than buildings	37,332,546	-	643,020	37,975,566
Equipment	2,286,594	112,497	(112,520)	2,286,571
Infrastructure	617,553	-	-	617,553
Intangibles	81,737	-	-	81,737
Right to use equipment	52,174	335,845	-	388,019
SBITA	846,310	-	-	846,310
Total capital assets being depreciated	42,686,532	448,342	530,500	43,665,374
Less accumulated depreciation:				
Buildings	895,517	71,921	-	967,438
Improvements other than buildings	25,849,553	1,073,651	-	26,923,204
Equipment	1,682,719	122,161	(105,992)	1,698,888
Infrastructure	610,179	615	-	610,794
Intangibles	81,737	-	-	81,737
Right to use equipment	108	58,189	-	58,297
SBITA	88,209	88,209	-	176,418
Total accumulated depreciation	29,208,022	1,414,746	(105,992)	30,516,776
Total capital assets being depreciated, net	13,478,510	(966,404)	636,492	13,148,598
Business-type activities assets, net	$ 14,532,831	$ 341,455	$ (6,528)	$ 14,867,758

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
City Manager	$ 993
Finance/Court	44,378
Human Resources	14,975
City Secretary	2,839
Information Services	91,057
Marketing and Communications	27,915
Police	377,049
Fire	428,186
Community Services	19,001
Streets and Drainage	1,221,457
Maintenance	61,206
Utility Drainage	106,515
Park and recreation	1,664,934
Total depreciation expense - governmental activities	$ 4,060,505
Business-type activities:	
Water and wastewater	$ 1,414,746
Total depreciation expense - business-type activities	$ 1,414,746

F. Construction Commitments

The City has active construction projects as of September 30, 2024. At year-end the City's commitments with contractors are as follows:

Projects	Spent to Date	Remaining Commitment
Governmental activities:		
Street Reconstruction Highland Shores Blvd	$ 172,400	$ 603,000
2022 Street Improvements Phase II	993,234	31,621
Highland Shores Crosswalk	25,100	400
Brazos / Highland Village Rd Signal	517,318	2,214
Quail Cove / Walmart Detention / Retension	46,120	12,680
Highland Village Rd Reconstruction	79,600	147,900
Unity Park Detention / Retention	42,565	5,685
Pilot Knoll Improvements	134,691	166,795
Highland Shores Blvd Asphalt Overlay	653,528	62,764
Unity Park, Brazos Park, Tennis Center Improvements	178,169	10,331
Village Park Fishing Pier, Playground & Trail Connect	13,920	41,653
Unity Park Renovations & Irrigation	508,227	80,138
Business-type activities:		
12" Water Line Northwest of City	$ 101,341	$ 42,020
Lake Vista Well Lot and Facilities	161,224	44,876
Wastewater System Restoration Slope Protection	49,040	24,515
Sandero, Bexar, Victoria, Malibu, Wtr Lns	1,108,562	6,725
Replace Force Mains WW Lift Stations 2 & 7	108,160	978,160
Gayle, Merriman, Oat Cedar Waterline	101,150	60,850
Brooks Ct & Pilot Knoll Park Waterlines	13,970	403,030
Oat St Ground Storage Tank Repainting	-	158,328

G. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital projects. General obligation bonds are payable and pledged from the levy and collection of a direct and continuing annual ad valorem tax. General obligation bonds currently outstanding are as follows:

	Interest Rates	Date Issued	Maturity Date	Amount of Original Issue	Amount Outstanding
Governmental activities:					
GO refunding & improvement bonds	3.00 - 4.00	2018	2038	6,905,000	$ 5,430,000
GO refunding & improvement bonds	3.00 - 5.00	2021	2034	10,300,000	8,090,000
Total governmental activities					13,520,000
Business-type activities:					
GO refunding bonds - Direct Placement	2.28	2017	2029	4,050,000	1,930,000
GO refunding & improvement bonds	3.00 - 5.00	2021	2034	2,915,000	2,865,000
Total business-type activities					4,795,000
Total general obligation bonds outstanding					$ 18,315,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

General Obligation Bonds

Year Ending	Governmental Activities		Business-type Activities	
September 30,	Principal	Interest	Principal	Interest
2025	$ 1,400,000	$ 499,750	$ 230,000	$ 117,600
2026	1,465,000	434,525	240,000	105,850
2027	1,535,000	366,125	255,000	93,475
2028	1,280,000	302,550	270,000	80,350
2029	970,000	253,300	275,000	66,725
2030-2034	5,075,000	669,675	1,595,000	135,425
2035-2039	1,795,000	109,725	-	-
Total	$ 13,520,000	$ 2,635,650	$ 2,865,000	$ 599,425

General Obligation Bonds - Direct Placement

Year Ending	Business-type Activities	
September 30,	Principal	Interest
2025	$ 390,000	$ 39,471
2026	395,000	30,542
2027	410,000	21,385
2028	420,000	11,944
2029	315,000	3,583
Total	$ 1,930,000	$ 106,925

Combination Tax and Revenue Certificates of Obligation (CO) Bonds

The City also issues bonds where the government pledges a combination of the levy and collection of a direct and continuing annual ad valorem tax plus a limited pledge ($2,500) of the net revenues from the Water and Sewer System to pay debt service. Combination tax and revenue certificates of obligation have been issued for both governmental and business-type activities.

Combination tax and revenue certificates of obligation outstanding at year-end are as follows:

	Interest Rates	Date Issued	Maturity Date	Amount of Original Issue	Amount Outstanding
Governmental activities:					
Combination tax and revenue CO's	2.00 - 4.00	2021	2041	$ 14,240,000	$ 13,890,000
Total governmental activities					$ 13,890,000
Business-type activities:					
Combination tax and revenue CO's	3.00 - 4.00	2018	2028	$ 2,715,000	$ 2,395,000
Total business-type activities					2,395,000
Total certificates of obligation outstanding					$ 16,285,000

Combination tax and revenue certificates of obligation debt service requirements to maturity are as follows:

Certificates of Obligation

Year Ending	Governmental Activities		Business-type Activities	
September 30,	Principal	Interest	Principal	Interest
2025	$ 250,000	$ 386,500	$ 135,000	$ 75,356
2026	250,000	376,500	140,000	69,856
2027	260,000	366,300	145,000	64,156
2028	590,000	349,300	150,000	58,256
2029	800,000	321,500	160,000	52,856
2030-2034	4,475,000	1,110,850	875,000	188,156
2035-2039	5,085,000	476,550	790,000	49,672
2040-2042	2,180,000	43,800	-	-
Total	$ 13,890,000	$ 3,431,300	$ 2,395,000	$ 558,308

Tax Notes

The City issues tax notes bonds to provide short-term funds for the acquisition of various pieces of capital equipment. During the year, the City issued Series 2024 Tax Notes for $2,805,000 which bears interest of 3.42% and will be fully paid off by February 2031. Tax notes currently outstanding are as follows:

	Interest Rates	Date Issued	Maturity Date	Amount of Original Issue	Amount Outstanding
Governmental activities:					
Tax notes	3.42	2024	2031	$ 2,805,000	$ 2,805,000
Total governmental activities					$ 2,805,000

Tax note debt service requirements to maturity are as follows:

Tax Notes

Year Ending	Governmental Activities	
September 30,	Principal	Interest
2025	$ 471,000	$ 77,484
2026	373,000	73,445
2027	405,000	60,141
2028	507,000	44,545
2029	384,000	29,309
2030-2034	665,000	20,777
Total	$ 2,805,000	$ 305,701

Defeased Debt

The City defeased certain outstanding revenue bonds by placing proceeds of new bonds in irrevocable trust to provide for all future debt service payments. Accordingly, the respective trust accounts and liability for the defeased bond are not included in the City's financial statements. As of September 30, 2024, the City does not have bonds considered defeased and outstanding.

Arbitrage Rebate

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986, calculate and rebate arbitrage earnings to the federal government. Specifically, the excess of the aggregated amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, is to be rebated to the federal government. As of September 30, 2024, a liability for arbitrage rebate existed in the amount of $678,477.

H. Changes in Long-term Debt

Long-term debt activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligations	$ 15,110,000	$ -	$ 1,590,000	$ 13,520,000	$ 1,400,000
Combination tax and revenue CO	14,055,000	-	165,000	13,890,000	250,000
Issuance premium	2,869,376	-	214,125	2,655,251	214,125
Tax note	-	2,805,000	-	2,805,000	471,000
Total bonds payable	32,034,376	2,805,000	1,969,125	32,870,251	2,335,125
Compensated absences	1,329,289	1,032,491	1,100,876	1,260,904	1,044,242
Leases	1,238,892	1,733,396	438,820	2,533,468	475,082
SBITA's	351,503	25,500	138,927	238,076	90,351
Governmental activities long-term debt	$ 34,954,060	$ 5,596,387	$ 3,647,748	$ 36,902,699	$ 3,944,800

The General Fund has typically been used to liquidate governmental activities compensated absences, the net pension liability, and the total OPEB liability.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
General obligation bonds	$ 5,475,000	$ -	$ 680,000	$ 4,795,000	$ 620,000
Combination tax and revenue CO	2,465,000	-	70,000	2,395,000	135,000
Issuance premium	614,366	-	68,036	546,330	51,992
Total bonds payable	8,554,366	-	818,036	7,736,330	806,992
Compensated absences	162,528	112,747	129,184	146,091	116,119
Leases	51,922	300,545	48,918	303,549	72,482
SBITA's	756,691	-	83,411	673,280	86,135
Business-type activities long-term debt	$ 9,525,507	$ 413,292	$ 1,079,549	$ 8,859,250	$ 1,081,728

Additionally, certain obligations that were marketed as direct placements have been separately identified; however, the terms of these obligations are not significantly different than other obligations and do not have substantive acceleration clauses. Should the City default on these bonds, any registered owner of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make payment.

Lease Payable

During the current year, the City entered into multiple 48-month and 60-month leases as lessee both for the right to use of vehicles through Enterprise. The City is required to make fixed monthly payments ranging between $685 and $1,450.

In addition, during the current year, the City entered into a 60 month lease for the right to use of cameras through Axon. The City is required to make annual payments ranging between $95,799 and $99,225.

A summary of the City's long-term lease payable as of September 30, 2024, is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Liability	Interest Current Year	Amounts Outstanding 9/30/24
Governmental Activities					
Multifunctional printers	0.29%	2022	$ 9,236	$ 7	$ 515
Fire Department Medical Equipment	0.74%	2021	249,768	1,238	125,935
Camera	3.45%	2024	711,660	-	615,861
Animal Shelter Building	2.51%	2022	365,356	8,664	338,590
Vehicles	2.23-8.37%	2023	1,756,703	55,023	1,452,567
Totals				$ 64,932	$ 2,533,468
Business-type Activities					
Vehicles	2.27-8.28%	2023	$ 352,467	$ 12,164	$ 303,549
Totals				$ 12,164	$ 303,549

Annual lease payments to maturity are as follows:

Year Ending September 30,	Governmental Activities Principal	Interest	Total Requirements
2025	$ 475,082	$ 104,319	$ 579,401
2026	495,726	82,025	577,751
2027	586,241	57,031	643,272
2028	332,666	31,816	364,482
2029	171,144	19,111	190,255
2030-2034	264,436	40,827	305,263
2035-2039	78,563	21,407	99,970
2040-2044	89,070	10,900	99,970
2045-2048	40,540	1,113	41,653
Totals	$ 2,533,468	$ 368,549	$ 2,902,017

Year Ending September 30,	Business-Type Activities Principal	Interest	Total Requirements
2025	$ 72,482	$ 19,606	$ 92,088
2026	77,858	14,231	92,089
2027	89,367	8,429	97,796
2028	37,980	3,354	41,334
2029	25,862	894	26,756
Totals	$ 303,549	$ 46,514	$ 350,063

SBITA Payable

During the fiscal year, the City entered into multiple subscriptions for the use of various software. As of September 30, 2024, the value of the subscription liability is $911,356. The City is required to make fixed annual payments ranging between $1,464 and $58,082 with interest rates ranging from to 2.310% to 3.461%.

A summary of the City's long-term SBITA payable as of September 30, 2024, is as follows:

Purpose of SBITA	Interest Rate	Initial Year of SBITA	Amount of Initial SBITA Liability	Interest Current Year	Amounts Outstanding 9/30/24
Governmental Activities					
Right to Use:					
Various software	2.31%	2023	$ 497,392	$ 10,678	$ 238,076
Totals				$ 10,678	$ 238,076
Business-Type Activities					
Right to Use:					
Meter reading software	3.46%	2023	$ 846,310	$ 25,134	$ 673,280
Totals				$ 25,134	$ 673,280

Annual SBITA payments to maturity are as follows:

Year Ending September 30,	Governmental Activities Principal	Interest	Total Requirements	Business-Type Activities Principal	Interest	Total Requirements
2025	$ 90,351	$ 7,254	$ 97,605	$ 86,135	$ 22,410	$ 108,545
2026	61,204	4,558	65,762	88,948	19,596	108,544
2027	63,090	2,672	65,762	91,854	16,691	108,545
2028	11,536	728	12,264	94,854	13,690	108,544
2029	11,895	370	12,265	97,953	10,591	108,544
2030-2034	-	-	-	213,536	18,790	232,326
Totals	$ 238,076	$ 15,582	$ 253,658	$ 673,280	$ 101,768	$ 775,048

I. Retirement Plan

Plan Descriptions. plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided. TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

The City has approved an annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Member Contribution Rate	7%
Matching ratio (City to member)	2 to 1
Years required for vesting	5 years
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated Service Credit	100% repeating transfers
Annuity increase to retirees	70% of CPI repeating

Employees covered by benefit terms. At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	108
Inactive employees entitled to but not yet receiving benefits	143
Active employees	153
	404

Contributions. Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.98% and 14.42% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the years ended September 30, 2023 and September 30, 2024 were $1,646,871 and $1,691,932, respectively, and were equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability was measured as of December 31, 2023, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are assumed to occur once a year on January 1 so that the pay used for the period year following the valuation is equal to the reported pay for the prior year. Salaries are assumed to increase on a graduated service-based scale.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

Discount Rate. The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statue. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2022	$ 59,277,724	$ 51,198,566	$ 8,079,158
Changes for the year:			
Service cost	2,071,317	-	2,071,317
Interest	4,014,081	-	4,014,081
Difference between expected and actual experience	(121,461)	-	(121,461)
Changes in assumptions	(395,987)	-	(395,987)
Contributions - employer	-	1,600,000	(1,600,000)
Contributions - employee	-	814,546	(814,546)
Net investment income	-	5,937,130	(5,937,130)
Benefit payments, including refunds of employee contributions	(1,691,031)	(1,691,031)	-
Administrative expense	-	(37,698)	37,698
Other changes	-	(263)	263
Net changes	3,876,919	6,622,684	(2,745,765)
Balance at 12/31/2023	$ 63,154,643	$ 57,821,250	$ 5,333,393

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 14,709,104	$ 5,333,393	$(2,307,440)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions. For the year ended September 30, 2024, the City recognized pension expense of $1,430,770. As of September 30, 2024, the City reported deferred outflows and inflows related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 19,952	$ 126,371
Changes in actuarial assumptions	-	287,498
Difference between projected and actual investment earnings	1,350,866	-
Contributions subsequent to the measurement date	1,196,472	-
Totals	$ 2,567,290	$ 413,869

$1,196,472 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2025	$ 219,243
2026	284,677
2027	949,275
2028	(496,246)

J. Defined Other Post-Employment Benefit Plan – TMRS Supplemental Death Benefits Fund

Plan Description. The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, there are no assets accumulated in an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of $7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	61
Inactive employees entitled to but not yet receiving benefits	19
Active employees	153
Total	233

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.29% for 2023 and 0.27% for 2024, of which 0.10% and 0.07%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2023 and 2024 were $8,696 and $11,533, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability. The City's total OPEB liability of was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50% per annum
Discount rate	3.77%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.60% to 11.85% including inflation

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Salary increases are based on a service-related table. Mortality rates for active members are based on 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience for the period ending December 31, 2022.

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.77% was used to measure the total OPEB liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.77%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
Total OPEB Liability	$ 470,296	$ 393,425	$ 332,553

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2022	$ 359,730
Changes for the year:	
Service cost	16,146
Interest	14,662
Difference between expected and actual experience	(4,042)
Changes of assumptions	18,462
Benefit payments	(11,533)
Net changes	33,695
Balance at 12/31/2023	$ 393,425

Changes in assumptions and other inputs reflect a change in the discount rate from 4.05% to 3.77%.

OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB. For the year ended September 30, 2024, the City recognized OPEB expense of $11,151. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

As of September 30, 2024, the City reported deferred outflows and inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 48,425
Changes in actuarial assumptions	67,353	129,205
Contributions subsequent to the measurement date	5,919	-
Totals	$ 73,272	$ 177,630

$5,919 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2025. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2025	$ (20,919)
2026	(22,874)
2027	(34,015)
2028	(34,892)
2029	2,399
Thereafter	24

K. Commitments and Contingencies

Upper Trinity Regional Water District ("UTRWD")

The City of Highland Village entered into a contract with the Upper Trinity Regional Water District Lakeview Regional Water Reclamation System (sewer plant), in June 1995, to meet its long-term wastewater treatment needs. The UTRWD has issued a series of bonds to provide for capital funding for the expansion and refurbishment of the Lakeview Sewer Plant and to construct the regional sewer system with all of the said bonds to be payable from and secured by annual payments made by participating members. In the fiscal year 2024, the City's subscribed capacity in the regional system is 1.65 million gallons per day (MGD). The City paid fixed operations and maintenance costs of $458,180/MGD, $527,095 for joint facilities, and $204,810 for facilities specific to Highland Village. The volume rate for treatment (including transportation charge) is $1.35/1,000 gallons.

In the fiscal year 2024, the City has a commitment with the UTRWD to take 3 million gallons per day (MGD) of treated water. The volume charge is $1.49/1,000 gallons, with an annual demand charge of $500,155/MGD.

For the fiscal year 2025, the City's subscribed capacity in the regional system is 1.65 million gallons per day (MGD). The City is committed to paying fixed operations and maintenance costs of $473,900/MGD, facility charges of $445,335 for joint facilities, and $204,870 annually for facilities specific to Highland Village. The volume rate for treatment (including transportation charge) is $1.37/1,000 gallons.

In the fiscal year 2025, the City has a commitment with the UTRWD to take 3 million gallons per day (MGD) of treated water. The volume charge is $1.56/1,000 gallons, with an annual demand charge of $539,435/MGD.

Encumbrances and Assignments of Fund Balance

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget. At year-end, the amount of encumbrances expected to be honored in the next year were as follows:

Fund	Amount
General	$ 1,123,446
Other governmental	1,727,488
Total	$ 2,850,934

Additionally, in accordance with budgetary policy, the City's adopted budget for the fiscal year beginning October 1, 2024, is presented as a balanced budget, i.e., revenues and available resources equal appropriations. These appropriations exceeded estimated revenues by $1,837,308, which is presented as assigned fund balance for subsequent year's budget in the General Fund.

Lawsuits

The City has been named as a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's general liability and property coverage is insured by the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool. The City's only responsibility to the Fund is to pay premiums for insurance and related deductible amounts of these policies. Other risk of loss is covered by commercial insurance. Settlements of claims have not exceeded coverage in the past three years.

L. New Accounting Guidance

Significant new accounting standards and guidance issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District include the following:

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This Statement will become effective for reporting periods after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential to their analyses for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

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REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF HIGHLAND VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes	$19,398,825	$19,398,825	$19,050,626	$ (348,199)
Fines and forfeitures	106,074	106,074	147,984	41,910
Licenses, permits and fees	619,423	619,423	726,531	107,108
Intergovernmental	-	-	4,933	4,933
Charges for services	748,391	748,391	682,379	(66,012)
Investment earnings	447,160	447,160	887,948	440,788
Miscellaneous	63,500	63,500	107,560	44,060
Total revenues	21,383,373	21,383,373	21,607,961	224,588
EXPENDITURES				
Current:				
General government:				
City manager:				
Personnel	434,265	461,265	461,061	204
Services and supplies	237,068	237,068	130,594	106,474
Total city manager	671,333	698,333	591,655	106,678
Finance:				
Personnel	991,619	991,619	974,702	16,917
Services and supplies	548,320	578,320	512,369	65,951
Capital outlay	-	-	43,589	(43,589)
Total finance	1,539,939	1,569,939	1,530,660	39,279
Marketing and communication:				
Personnel	360,873	360,873	361,566	(693)
Services and supplies	135,325	135,325	121,366	13,959
Capital outlay	-	-	32,114	(32,114)
Total marketing and communication	496,198	496,198	515,046	(18,848)
Human resources:				
Personnel	498,423	498,423	347,712	150,711
Services and supplies	192,257	192,257	142,151	50,106
Total human resources	690,680	690,680	489,863	200,817
City secretary:				
Personnel	296,073	296,073	291,618	4,455
Services and supplies	188,520	188,520	138,584	49,936
Total city secretary	484,593	484,593	430,202	54,391
Information services:				
Personnel	852,334	852,334	844,263	8,071
Services and supplies	572,225	622,225	396,865	225,360
Total information services	1,424,559	1,474,559	1,241,128	233,431
Maintenance:				
Personnel	428,069	428,069	415,958	12,111
Services and supplies	1,894,329	1,894,329	866,007	1,028,322
Capital outlay	75,000	75,000	263,610	(188,610)
Total maintenance	2,397,398	2,397,398	1,545,575	851,823

CITY OF HIGHLAND VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Public safety:				
Police:				
Personnel	$ 5,385,828	$ 5,385,828	$ 5,232,788	$ 153,040
Services and supplies	744,437	744,437	534,385	210,052
Capital outlay	-	-	777,530	(777,530)
Total police	6,130,265	6,130,265	6,544,703	(414,438)
Fire:				
Personnel	3,223,770	3,223,770	3,142,510	81,260
Services and supplies	591,993	616,993	533,479	83,514
Capital outlay	-	-	248,969	(248,969)
Total fire	3,815,763	3,840,763	3,924,958	(84,195)
Community services:				
Personnel	387,510	387,510	386,944	566
Services and supplies	25,532	30,532	22,556	7,976
Total building operations	413,042	418,042	409,500	8,542
Streets and drainage:				
Personnel	870,283	870,283	825,550	44,733
Services and supplies	840,298	980,298	578,183	402,115
Capital outlay	15,000	140,000	177,274	(37,274)
Total streets and drainage	1,725,581	1,990,581	1,581,007	409,574
Parks and recreation:				
Personnel	1,750,502	1,792,502	1,782,051	10,451
Services and supplies	1,286,296	1,286,296	1,002,220	284,076
Capital outlay	69,000	149,000	596,508	(447,508)
Total parks and recreation	3,105,798	3,227,798	3,380,779	(152,981)
Debt service:				
Principal	-	-	577,747	(577,747)
Interest and other charges	-	-	75,609	(75,609)
Total debt service	-	-	653,356	(653,356)
Total expenditures	22,895,149	23,419,149	22,838,432	580,717
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,511,776)	(2,035,776)	(1,230,471)	805,305
OTHER FINANCING SOURCES (USES)				
Transfers in	534,000	534,000	532,758	(1,242)
Transfers out	(16,000)	(16,000)	(16,000)	-
Leases issued	-	-	1,733,396	1,733,396
SBITA's issued	-	-	25,500	25,500
Sale of capital assets	186,275	186,275	179,220	(7,055)
Total other financing sources and uses	518,000	518,000	2,454,874	1,936,874
NET CHANGE IN FUND BALANCE	(993,776)	(1,517,776)	1,224,403	2,742,179
FUND BALANCE, BEGINNING	10,422,639	10,422,639	10,422,639	-
FUND BALANCE, ENDING	$ 9,428,863	$ 8,904,863	$11,647,042	$ 2,742,179

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BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Special Revenue Funds and the Debt Service Fund. The Capital Project Funds are appropriated on a project-length basis, except for the Park Development Fund, which is appropriated annually.

The appropriated budget is prepared by fund, department and three categories – personnel, services and supplies, and capital outlay. During the fiscal year, each department is responsible to not exceed the amounts budgeted in each of the three categories. Transfers of appropriations between categories or departments require the approval of council. Category subtotals of departmental expenditures thus provide the legal level of budgetary control.

Appropriations in all budgeted funds lapse at the end of the fiscal year. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2024, expenditures exceed appropriation in the following fund, function, department and category:

Fund	Function/Department	Category	Amount
General	General Government - Finance	Capital Outlay	$ 43,589
General	General Government - Marketing and Communication	Personnel	693
General	General Government - Marketing and Communication	Capital Outlay	32,114
General	General Government - Maintenance	Capital Outlay	188,610
General	Public Safety - Police	Capital Outlay	777,530
General	Public Safety - Fire	Capital Outlay	248,969
General	Community Services	Capital Outlay	65,945
General	Streets and Drainage	Capital Outlay	37,274
General	Parks and Recreation	Capital Outlay	365,108
General	Debt Service	Principal	577,747
General	Debt Service	Interest	75,609
Corps Leased Parks	Parks and Recreation	Personnel	83
Public Safety	Fire	Services and Supplies	41

The overage related to capital outlay, principal, and interest are related to the issuance of new leases and SBITA's, which required a noncash recognition of capital outlays and an other financing source. Other overages were covered by cost savings in other categories or with greater than anticipated revenues.

CITY OF HIGHLAND VILLAGE, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Measurement Date December 31,	**2014**	**2015**	**2016**
A. Total pension liability			
Service Cost	$ 1,370,530	$ 1,535,928	$ 1,646,661
Interest (on the Total Pension Liability)	1,983,761	2,177,527	2,307,773
Difference between expected and actual experience	(10,973)	(226,332)	(95,490)
Changes of assumptions	-	196,596	-
Benefit payments, including refunds of employee contributions	(650,592)	(665,253)	(649,521)
Net change in total pension liability	2,692,726	3,018,466	3,209,423
Total pension liability - beginning	27,979,470	30,672,196	33,690,662
Total pension liability - ending (a)	$ 30,672,196	$ 33,690,662	$ 36,900,085
B. Plan fiduciary net position			
Contributions - employer	$ 1,070,712	$ 1,187,926	$ 1,229,404
Contributions - employee	588,766	625,694	651,959
Net investment income	1,407,343	39,833	1,903,485
Benefit payments, including refunds of employee contributions	(650,592)	(665,253)	(649,521)
Administrative expense	(14,690)	(24,263)	(21,492)
Other	(1,208)	(1,197)	(1,158)
Net change in plan fiduciary net position	2,400,331	1,162,740	3,112,677
Plan fiduciary net position - beginning	24,595,321	26,995,652	28,158,392
Plan fiduciary net position - ending (b)	$ 26,995,652	$ 28,158,392	$ 31,271,069
C. Net pension liability - ending (a) - (b)	$ 3,676,544	$ 5,532,270	$ 5,629,016
D. Plan fiduciary net position as a percentage of total pension liability	88.01%	83.58%	84.75%
E. Covered payroll	$ 8,410,947	$ 8,940,209	$ 9,313,695
F. Net position liability as a percentage of covered payroll	43.71%	61.88%	60.44%

2017	2018	2019	2020	2021	2022	2023
$ 1,710,282	$ 1,767,329	$ 1,845,710	$ 1,952,526	$ 1,934,524	$ 1,994,564	$ 2,071,317
2,521,112	2,735,944	2,960,334	3,238,362	3,485,265	3,747,427	4,014,081
(173,461)	(171,841)	352,042	(150,374)	85,730	(72,746)	(121,461)
-	-	89,119	-	-	-	(395,987)
(810,836)	(996,678)	(1,095,988)	(1,267,369)	(1,479,996)	(1,823,342)	(1,691,031)
3,247,097	3,334,754	4,151,217	3,773,145	4,025,523	3,845,903	3,876,919
36,900,085	40,147,182	43,481,936	47,633,153	51,406,298	55,431,821	59,277,724
$ 40,147,182	$ 43,481,936	$ 47,633,153	$ 51,406,298	$ 55,431,821	$ 59,277,724	$ 63,154,643
$ 1,325,468	$ 1,367,635	$ 1,410,431	$ 1,491,855	$ 1,473,715	$ 1,548,337	$ 1,600,000
680,226	706,528	739,552	784,597	760,768	784,820	814,546
4,336,041	(1,102,494)	5,684,242	3,300,738	6,229,854	(3,997,474)	5,937,130
(810,836)	(996,678)	(1,095,988)	(1,267,369)	(1,479,996)	(1,823,342)	(1,691,031)
(22,461)	(21,292)	(32,086)	(21,335)	(28,787)	(34,539)	(37,698)
(1,139)	(1,111)	(963)	(832)	196	41,216	(263)
5,507,299	(47,412)	6,705,188	4,287,654	6,955,750	(3,480,982)	6,622,684
31,271,069	36,778,368	36,730,956	43,436,144	47,723,798	54,679,548	51,198,566
$ 36,778,368	$ 36,730,956	$ 43,436,144	$ 47,723,798	$ 54,679,548	$ 51,198,566	$ 57,821,250
$ 3,368,814	$ 6,750,980	$ 4,197,009	$ 3,682,500	$ 752,273	$ 8,079,158	$ 5,333,393
91.61%	84.47%	91.19%	92.84%	98.64%	86.37%	91.56%
$ 9,717,511	$ 10,093,257	$ 10,565,024	$ 11,208,528	$ 10,868,111	$ 11,211,713	$ 11,532,944
34.67%	66.89%	39.73%	32.85%	6.92%	72.06%	46.24%

CITY OF HIGHLAND VILLAGE, TEXAS

SCHEDULE OF PENSION CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Fiscal Year Ended September 30,	**2015**	**2016**	**2017**	**2018**
Actuarial determined contribution	$ 1,163,130	$ 1,258,570	$ 1,303,201	$ 1,362,529
Contributions in relation to the actuarially determined contribution	1,163,130	1,258,570	1,303,201	1,362,529
Contribution deficiency (excess)	-	-	-	-
Covered payroll	8,859,846	9,517,623	9,628,107	10,031,460
Contributions as a percentage of covered payroll	13.13%	13.22%	13.54%	13.58%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date Actuarially determined contribution rates are calculated as of December 31 and become effective in

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 Years (longest amortization ladder)
Asset Valuation Method	10 Year fair value; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information There were no benefit changes during this year.

2019	2020	2021	2022	2023	2024
$ 1,238,128	$ 1,427,239	$ 1,464,895	$ 1,543,894	$ 1,646,871	$ 1,691,932
1,238,128	1,427,239	1,464,895	1,543,894	1,646,871	1,691,932
-	-	-	-	-	-
9,235,981	10,715,294	10,859,779	11,235,379	11,743,372	11,821,943
13.41%	13.32%	13.49%	13.74%	14.02%	14.31%

CITY OF HIGHLAND VILLAGE, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Measurement Date December 31,	**2017**	**2018**
A. Total OPEB liability		
Service Cost	$ 16,520	$ 20,187
Interest (on the Total OPEB Liability)	11,181	11,678
Difference between expected and actual experience	-	(3,782)
Changes of assumptions	29,489	(27,003)
Benefit payments, including refunds of employee contributions	(1,944)	(2,019)
Net change in Total OPEB liability	55,246	(939)
Total OPEB liability - beginning	288,493	343,739
Total OPEB liability - ending	$ 343,739	$ 342,800
B. Covered-employee payroll	$ 9,717,511	$ 10,093,257
C. Total OPEB liability as a percentage of covered-employee payroll	3.54%	3.40%

Notes to Schedule:

- No assets are accumulated in a trust for the SDB plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

- This schedule is required to have 10 years of information. As of September 30, 2024, only 7 years are included and additional years will be added in the future as the information becomes available.

- Changes of assumptions generally includes the annual change in the municipal bond index rate.

2019	2020	2021	2022	2023
$ 17,961	$ 24,659	$ 29,344	$ 32,514	$ 16,146
13,012	12,195	10,917	10,360	14,662
(8,636)	(5,753)	(33,522)	(35,262)	(4,042)
69,216	73,902	17,123	(190,168)	18,462
(2,113)	(2,242)	(7,608)	(8,969)	(11,533)
89,440	102,761	16,254	(191,525)	33,695
342,800	432,240	535,001	551,255	359,730
$ 432,240	$ 535,001	$ 551,255	$ 359,730	$ 393,425
$ 10,565,024	$ 11,208,528	$ 10,868,111	$ 11,315,133	$ 11,945,362
4.09%	4.77%	5.07%	3.18%	3.29%

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Corps Leased Parks Fund – This fund is used to account for the operations of Corp Leased Parks. Park admission and usage fees charged to patrons are committed to finance operations.

Public Safety Fund – This fund accounts for funds received from local, state and federal sources for the purpose of supporting the City's Police and Fire programs.

Municipal Court Building Security Fund – The security building fund provides for the collection of court fees with each fine that is to be utilized for the security of the court. Expenditures are restricted to security systems, bailiffs, metal detectors, locks, electronic identification systems, etc.

Municipal Court Technology Fund – The state legislature has allowed for the creation of a Municipal Court Technology Fund to defray the costs related to technology in the court system. This fund accounts for the collection of technology fees charged to defendants for misdemeanor offences as a cost of court. These funds will be used to purchase software, PCs and any other technology items needed for the court.

Utility Drainage Fund – This fund is used to account for fees collected for the purpose of improving, upgrading and maintaining the City's drainage system. The City is mandated by the Texas Commission on Environmental Quality (TCEQ) to develop and maintain a Storm Water Management Plan in order to address capacity and quality issues and protect its residents and their properties from possible flooding and pollution problems. Drainage fees are collected by residents to fund the activities required to comply TCEQ regulations.

PEG Fee Fund – This fund is used to account for public, educational, and governmental (PEG) fees charged to cable users, which are restricted for the City's PEG channel.

Community Development Corporation – is used typically funded from serial bond proceeds, legally authorized debt instruments issued for specific projects, or funds from settlements or assessments that correspond to capital projects.

Debt Service Fund – is utilized to account for the accumulation of financial resources for, and the payment of general long-term debt principal, interest, and related costs arising from general obligation bonds.

Capital Projects Fund – is used to account for financial resources to be used for the acquisition or construction of capital improvements (other than those financed by proprietary funds). Such resources are derived from proceeds of general obligation debt, other sources designated for capital improvements and interest earned on such monies.

Park Development Fund – This fund accounts for development fees charged to property developers, which are committed for development and maintenance of City parks.

CITY OF HIGHLAND VILLAGE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	Special Revenue			
	Corps Leased Parks	Public Safety	Municipal Court Building Security	Municipal Court Technology
ASSETS				
Cash and investments	$ 1,296,701	$ 82,813	$ 51,287	$ 14,223
Receivables:				
Taxes	-	-	-	-
Other	7,019	-	-	-
Due from other governments	-	2,697	-	-
Total assets	1,303,720	85,510	51,287	14,223
LIABILITIES				
Accounts payable	59,981	429	-	-
Accrued liabilities	7,463	1,820	-	-
Unearned revenue	59,198	-	-	-
Total liabilities	126,642	2,249	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Restricted for:				
Debt service	-	-	-	-
Community development	-	-	-	-
Public safety - law enforcement operations	-	83,261	51,287	14,223
Utility drainage operations	-	-	-	-
Public broadcasting	-	-	-	-
Park development and maintenance	1,177,078	-	-	-
Committed - park development and maintenance	-	-	-	-
Total fund balances	1,177,078	83,261	51,287	14,223
Total liabilities, deferred inflows of resources, and fund balances	$ 1,303,720	$ 85,510	$ 51,287	$ 14,223

Special Revenue			Debt Service	Capital Projects	Total
Utility Drainage	PEG Fee	Community Development Corporation	Debt Service	Park Development	Nonmajor Governmental Funds
$ 209,679	$ 173,614	$ 1,788,961	$ 115,293	$ 91,008	$ 3,823,579
-	-	285,876	29,546	-	315,422
-	5,381	4,290	-	-	16,690
-	-	-	-	-	2,697
209,679	178,995	2,079,127	144,839	91,008	4,158,388
74,227	-	33,406	-	-	168,043
12,475	-	22,952	-	-	44,710
-	-	15,108	-	-	74,306
86,702	-	71,466	-	-	287,059
-	-	-	29,546	-	29,546
-	-	-	29,546	-	29,546
-	-	-	115,293	-	115,293
-	-	2,007,661	-	-	2,007,661
-	-	-	-	-	148,771
122,977	-	-	-	-	122,977
-	178,995	-	-	-	178,995
-	-	-	-	-	1,177,078
-	-	-	-	91,008	91,008
122,977	178,995	2,007,661	115,293	91,008	3,841,783
$ 209,679	$ 178,995	$ 2,079,127	$ 144,839	$ 91,008	$ 4,158,388

CITY OF HIGHLAND VILLAGE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue			
	Corps Leased Parks	Public Safety	Municipal Court Building Security	Municipal Court Technology
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses, permits and fees	573,723	-	3,775	3,090
Intergovernmental	-	109,906	-	-
Investment earnings	58,967	-	-	-
Total revenues	632,690	109,906	3,775	3,090
EXPENDITURES				
Current:				
General government:				
Finance	-	-	-	3,600
Public safety:				
Police	-	53,847	-	-
Fire	-	2,541	-	-
Community services:				
Streets and drainage	-	-	-	-
Parks and recreation	463,555	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	463,555	56,388	-	3,600
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	169,135	53,518	3,775	(510)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(18,758)	-	-
Total other financing sources and uses	-	(18,758)	-	-
NET CHANGE IN FUND BALANCES	169,135	34,760	3,775	(510)
FUND BALANCES, BEGINNING	1,007,943	48,501	47,512	14,733
FUND BALANCES, ENDING	$ 1,177,078	$ 83,261	$ 51,287	$ 14,223

Special Revenue			Debt Service	Capital Projects	Total
Utility Drainage	PEG Fee	Community Development Corporation	Debt Service	Park Development	Nonmajor Governmental Funds
$ -	$ -	$ 1,806,379	$ 2,134,562	$ -	$ 3,940,941
514,692	23,561	63,691	-	75	1,182,607
-	-	-	-	-	109,906
8,425	-	79,051	23,767	4,714	174,924
523,117	23,561	1,949,121	2,158,329	4,789	5,408,378
-	10,871	-	-	-	14,471
-	-	-	-	-	53,847
-	-	-	-	-	2,541
640,821	-	-	-	-	640,821
-	-	727,742	-	-	1,191,297
-	-	-	1,755,000	-	1,755,000
-	-	-	960,711	-	960,711
32,774	-	8,525	-	-	41,299
673,595	10,871	736,267	2,715,711	-	4,659,987
(150,478)	12,690	1,212,854	(557,382)	4,789	748,391
16,000	-	-	539,165	-	555,165
(16,000)	-	(567,165)	-	-	(601,923)
-	-	(567,165)	539,165	-	(46,758)
(150,478)	12,690	645,689	(18,217)	4,789	701,633
273,455	166,305	1,361,972	133,510	86,219	3,140,150
$ 122,977	$ 178,995	$ 2,007,661	$ 115,293	$ 91,008	$ 3,841,783

CITY OF HIGHLAND VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget			Variance With Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	$2,186,525	$2,186,525	$2,134,562	$ (51,963)
Investment earnings	23,000	23,000	23,767	767
Total revenues	2,209,525	2,209,525	2,158,329	(51,196)
EXPENDITURES				
Debt service:				
Principal	1,755,000	1,755,000	1,755,000	-
Interest and other charges	961,689	961,689	960,711	978
Total expenditures	2,716,689	2,716,689	2,715,711	978
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(507,164)	(507,164)	(557,382)	(50,218)
OTHER FINANCING SOURCES (USES)				
Transfers in	539,165	539,165	539,165	-
Total other financing sources and uses	539,165	539,165	539,165	-
NET CHANGE IN FUND BALANCE	32,001	32,001	(18,217)	(50,218)
FUND BALANCE, BEGINNING	133,510	133,510	133,510	-
FUND BALANCE, ENDING	$ 165,511	$ 165,511	$ 115,293	$ (50,218)

CITY OF HIGHLAND VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CORPS LEASED PARKS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Licenses, permits and fees	$ 666,600	$ 666,600	$ 573,723	$ (92,877)
Investment earnings	49,000	49,000	58,967	9,967
Total revenues	715,600	715,600	632,690	(82,910)
EXPENDITURES				
Parks and recreation:				
Personnel	246,367	246,367	246,450	(83)
Services and supplies	464,155	464,155	217,105	247,050
Total expenditures	710,522	710,522	463,555	246,967
NET CHANGE IN FUND BALANCE	5,078	5,078	169,135	164,057
FUND BALANCE, BEGINNING	1,007,943	1,007,943	1,007,943	-
FUND BALANCE, ENDING	$ 1,013,021	$ 1,013,021	$ 1,177,078	$ 164,057

CITY OF HIGHLAND VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 37,100	$ 37,100	$ 109,906	$ 72,806
Total revenues	37,100	37,100	109,906	72,806
EXPENDITURES				
Public safety:				
Police:				
Services and supplies	13,600	60,600	53,847	6,753
Fire:				
Services and supplies	2,500	2,500	2,541	(41)
Total expenditures	16,100	63,100	56,388	6,712
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	21,000	(26,000)	53,518	79,518
OTHER FINANCING SOURCES (USES)				
Transfer out	(19,000)	(19,000)	(18,758)	242
Total other financing sources (uses)	(19,000)	(19,000)	(18,758)	242
NET CHANGE IN FUND BALANCE	2,000	(45,000)	34,760	79,760
FUND BALANCE, BEGINNING	48,501	48,501	48,501	-
FUND BALANCE, ENDING	$ 50,501	$ 3,501	$ 83,261	$ 79,760

CITY OF HIGHLAND VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT BUILDING SECURITY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Licenses, permits and fees	$ 3,100	$ 3,100	$ 3,775	$ 675
Total revenues	3,100	3,100	3,775	675
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	3,100	3,100	3,775	675
FUND BALANCE, BEGINNING	47,512	47,512	47,512	-
FUND BALANCE, ENDING	$ 50,612	$ 50,612	$ 51,287	$ 675

CITY OF HIGHLAND VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT TECHNOLOGY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Licenses, permits and fees	$ 2,600	$ 2,600	$ 3,090	$ 490
Total revenues	2,600	2,600	3,090	490
EXPENDITURES				
General government:				
Finance:				
Services and supplies	3,600	3,600	3,600	-
Total expenditures	3,600	3,600	3,600	-
NET CHANGE IN FUND BALANCE	(1,000)	(1,000)	(510)	490
FUND BALANCE, BEGINNING	14,733	14,733	14,733	-
FUND BALANCE, ENDING	$ 13,733	$ 13,733	$ 14,223	$ 490

CITY OF HIGHLAND VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
UTILITY DRAINAGE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Licenses, permits and fees	$ 520,000	$ 520,000	$ 514,692	$ (5,308)
Investment earnings	7,636	7,636	8,425	789
Total revenues	527,636	527,636	523,117	(4,519)
EXPENDITURES				
Street and drainage:				
Personnel	423,895	423,895	381,476	42,419
Services and supplies	319,760	319,760	259,345	60,415
Debt service:				
Capital outlay	21,000	33,000	32,774	226
Total expenditures	764,655	776,655	673,595	103,060
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(237,019)	(249,019)	(150,478)	98,541
OTHER FINANCING SOURCES (USES)				
Transfers in	16,000	16,000	16,000	-
Transfers out	(16,000)	(16,000)	(16,000)	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(237,019)	(249,019)	(150,478)	98,541
FUND BALANCE, BEGINNING	273,455	273,455	273,455	-
FUND BALANCE, ENDING	$ 36,436	$ 24,436	$ 122,977	$ 98,541

CITY OF HIGHLAND VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PEG FEE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
PEG fees	$ 30,000	$ 30,000	$ 23,561	$ (6,439)
Total revenues	30,000	30,000	23,561	(6,439)
EXPENDITURES				
General government:				
Services and supplies	7,000	12,000	10,871	1,129
Total expenditures	7,000	12,000	10,871	1,129
NET CHANGE IN FUND BALANCE	23,000	18,000	12,690	(5,310)
FUND BALANCE, BEGINNING	166,305	166,305	166,305	-
FUND BALANCE, ENDING	$ 189,305	$ 184,305	$ 178,995	$ (5,310)

CITY OF HIGHLAND VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
COMMUNITY DEVELOPMENT CORPORATION

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Sales tax	$ 1,867,154	$ 1,867,154	$ 1,806,379	$ (60,775)
Licenses, permits and fees	91,000	91,000	63,691	(27,309)
Investment earnings	63,764	63,764	79,051	15,287
Total revenues	2,021,918	2,021,918	1,949,121	(72,797)
EXPENDITURES				
Parks and recreation:				
Personnel	406,497	406,497	280,010	126,487
Services and supplies	475,312	475,312	447,732	27,580
Capital outlay	109,000	109,000	8,525	100,475
Total expenditures	990,809	990,809	736,267	254,542
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,031,109	1,031,109	1,212,854	181,745
OTHER FINANCING SOURCES (USES)				
Transfer out	(567,165)	(567,165)	(567,165)	-
Total other financing sources (uses)	(567,165)	(567,165)	(567,165)	-
NET CHANGE IN FUND BALANCE	463,944	463,944	645,689	181,745
FUND BALANCE, BEGINNING	1,361,972	1,361,972	1,361,972	-
FUND BALANCE, ENDING	$ 1,825,916	$ 1,825,916	$ 2,007,661	$ 181,745

CITY OF HIGHLAND VILLAGE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARK DEVELOPMENT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Licenses, permits and fees	$ -	$ -	$ 75	$ 75
Investment earnings	3,700	3,700	4,714	1,014
Total revenues	3,700	3,700	4,789	1,089
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	3,700	3,700	4,789	1,089
FUND BALANCE, BEGINNING	86,219	86,219	86,219	-
FUND BALANCE, ENDING	$ 89,919	$ 89,919	$ 91,008	$ 1,089

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

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CITY OF HIGHLAND VILLAGE, TEXAS

CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENT FUNDS BY SOURCE

SEPTEMBER 30, 2024

GENERAL CAPITAL ASSETS	
Land	$ 17,183,848
Land improvements	28,851,308
Building and improvements	16,109,709
Equipment	10,264,905
Other capital assets	638,179
Infrastructure	47,374,952
Right to use equipment	2,867,653
Right to use building	365,356
Subscription software	539,393
Construction in progress	2,767,992
Total general capital assets	$ 126,963,295
INVESTMENT IN GENERAL CAPITAL ASSETS	
Investment in general capital assets acquired prior to October 1, 1990	$ 655,037
General fund	15,518,296
Vehicle replacement fund	670,674
Special revenue funds	23,931,254
Capital project funds	38,289,694
Donations	47,898,340
Total investment in general capital assets	$ 126,963,295

CITY OF HIGHLAND VILLAGE, TEXAS

CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY

SEPTEMBER 30, 2024

Department	Land	Land Improvements	Building Improvements	Equipment
City Manager	$ 430,747	$ -	$ 265,915	$ 54,276
Finance	26,651	-	412,718	489,717
Human Resources	8,812	-	113,185	-
City Secretary	41,479	-	511,673	-
Information services	-	-	-	501,944
Marketing and Communications	-	-	-	35,336
Police	214,495	93,641	2,765,228	1,838,640
Fire	41,800	19,796	4,445,595	3,372,702
Community services	8,927	-	142,993	7,332
Streets and drainage	11,571,913	1,007,401	885,794	1,210,574
Maintenance	65,609	-	775,360	149,627
Drainage operations	-	29,200	451,842	1,013,643
Parks and recreation	4,773,415	27,701,270	5,339,406	1,591,114
Total general capital assets	$ 17,183,848	$ 28,851,308	$ 16,109,709	$ 10,264,905

Other Assets	Infrastructure	Right to Use Equipment	Right to Use Building	Subscription Software	Construction in Progress	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 750,938
159,118	-	-	-	102,649	-	1,190,853
13,388	-	-	-	53,496	-	188,881
18,447	-	-	-	-	-	571,599
-	-	9,237	-	195,114	-	706,295
-	-	32,114	-	-	-	67,450
347,369	-	1,318,167	365,356	188,134	-	7,131,030
-	-	498,737	-	-	-	8,378,630
-	-	65,945	-	-	-	225,197
-	46,438,996	236,637	-	-	1,890,420	63,241,735
-	-	333,370	-	-	-	1,323,966
-	435,645	-	-	-	-	1,930,330
99,857	500,311	373,446	-	-	877,572	41,256,391
$ 638,179	$ 47,374,952	$ 2,867,653	$ 365,356	$ 539,393	$2,767,992	$126,963,295

CITY OF HIGHLAND VILLAGE, TEXAS

CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS - CHANGES BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Department	Balance September 30, 2023	Additions	Retirements / Transfers	Balance September 30, 2024
City manager	$ 750,938	$ -	$ -	$ 750,938
Finance	1,147,264	43,589	-	1,190,853
Human resources	188,881	-	-	188,881
City secretary	571,599	-	-	571,599
Information services	706,295	-	-	706,295
Marketing and communications	35,336	32,114	-	67,450
Police	6,458,930	777,531	105,431	7,131,030
Fire	8,270,989	248,969	141,328	8,378,630
Community services	271,205	-	46,008	225,197
Streets and drainage	60,633,632	2,674,799	66,696	63,241,735
Maintenance	1,091,218	263,610	30,862	1,323,966
Drainage operations	1,897,555	32,775	-	1,930,330
Parks and recreation	39,947,606	1,444,909	136,124	41,256,391
Total capital assets	$ 121,971,448	$ 5,518,296	$ 526,449	$ 126,963,295

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Highland Village, Texas' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	83
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax.	93
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	98
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	105
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	107

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF HIGHLAND VILLAGE, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2015	2016	2017	2018
Governmental activities:				
Net investment in capital assets	$ 40,160,271	$ 40,067,568	$ 40,453,356	$ 40,191,697
Restricted:				
Debt service	62,822	59,725	99,242	-
Community development	968,043	647,532	106,954	30,521
Public safety	84,158	78,495	87,901	71,002
Utility drainage	165,456	240,467	298,327	340,814
Public broadcasting	30,276	36,094	65,266	113,692
Capital projects	-	-	-	-
Unrestricted	2,210,827	2,005,564	3,907,904	3,603,647
Total governmental activities net position	$ 43,681,853	$ 43,135,445	$ 45,018,950	$ 44,351,373
Business-type activities:				
Net investment in capital assets	$ 5,519,051	$ 6,738,242	$ 6,603,211	$ 6,875,079
Restricted:				
Debt service	-	-	-	-
Capital projects	859,804	883,399	851,976	897,706
Unrestricted	2,830,311	2,030,254	1,421,159	2,244,865
Total business-type activities net position	$ 9,209,166	$ 9,651,895	$ 8,876,346	$ 10,017,650
Primary government:				
Net investment in capital assets	$ 45,679,332	$ 46,805,810	$ 47,056,567	$ 47,066,776
Restricted:				
Debt service	62,822	59,725	99,242	-
Community Development	968,043	647,532	106,954	30,521
Public safety	84,158	78,495	87,901	71,002
Utility drainage	165,456	240,467	298,327	340,814
Public broadcasting	30,276	36,094	65,266	113,692
Capital projects	859,804	883,399	851,976	897,706
Park development and maintenance	-	-	-	-
Unrestricted	5,041,138	4,035,818	5,329,063	5,848,512
Total primary government net position	$ 52,891,029	$ 52,787,340	$ 53,895,296	$ 54,369,023

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ 41,212,165	$ 40,526,620	$ 40,488,662	$ 39,283,602	$ 38,193,458	$ 37,418,194
51,762	72,637	84,716	-	30,298	29,451
86,517	109,677	356,701	650,601	1,361,972	2,007,661
90,493	88,601	97,342	136,618	110,746	148,771
90,493	333,898	394,943	333,079	273,455	122,977
279,090	118,660	123,564	143,589	166,305	178,995
152,879	-	-	-	-	-
2,045,989	3,421,567	4,202,160	5,297,789	7,176,915	6,948,886
$ 44,009,388	$ 44,671,660	$ 45,748,088	$ 45,845,278	$ 47,313,149	$ 46,854,935
$ 6,592,993	$ 6,637,826	$ 7,252,431	$ 6,028,561	$ 5,643,295	$ 6,023,518
-	-	-	-	567,777	564,369
1,047,080	1,075,324	1,207,251	1,292,225	1,279,340	1,204,329
2,209,545	2,086,649	1,756,371	4,514,004	6,649,385	7,448,353
$ 9,849,618	$ 9,799,799	$ 10,216,053	$ 11,834,790	$ 14,139,797	$ 15,240,569
$ 47,805,158	$ 47,164,446	$ 47,741,093	$ 45,312,163	$ 43,836,753	$ 43,441,712
51,762	72,637	84,716	-	598,075	593,820
86,517	109,677	356,701	650,601	1,361,972	2,007,661
90,493	88,601	97,342	136,618	110,746	148,771
279,090	333,898	394,943	333,079	273,455	122,977
152,879	118,660	123,564	143,589	166,305	178,995
1,047,080	1,075,324	1,207,251	1,292,225	1,279,340	1,204,329
-	-	-	-	-	1,177,078
4,255,534	5,508,216	5,958,531	9,811,793	13,826,300	14,397,239
$ 53,768,513	$ 54,471,459	$ 55,964,141	$ 57,680,068	$ 61,452,946	$ 63,272,582

CITY OF HIGHLAND VILLAGE, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2015	2016	2017	2018
EXPENSES				
Governmental activities:				
General government	$ 4,330,662	$ 4,392,360	$ 4,654,057	$ 5,648,223
Public safety	6,848,781	7,782,368	7,850,784	7,915,283
Community services	415,562	446,470	495,494	499,071
Streets and drainage	2,546,268	2,826,584	2,953,293	2,956,194
Parks and recreation	3,199,678	3,534,661	3,740,883	4,099,709
Interest on long-term debt	836,051	699,315	605,867	719,953
Total governmental activities expenses	18,177,002	19,681,758	20,300,378	21,838,433
Business-type activities:				
Water and wastewater	8,525,158	8,500,825	8,698,522	9,195,566
Total business-type activities expenses	8,525,158	8,500,825	8,698,522	9,195,566
Total primary government program expenses	$ 26,702,160	$ 28,182,583	$ 28,998,900	$ 31,033,999
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	$ 331,895	$ 283,062	$ 294,421	$ 300,258
Public safety	285,879	429,534	527,165	539,212
Community services	388,580	524,273	770,577	468,954
Streets and drainage	474,492	517,450	495,438	503,839
Parks and recreation	474,514	654,906	724,620	818,946
Operating grants and contributions	32,377	44,839	126,776	92,883
Capital grants and contributions	1,353,726	221,974	235,846	65,314
Total governmental activities program revenues	3,341,463	2,676,038	3,174,843	2,789,406
Business-type activities:				
Charges for services:				
Water and wastewater	7,888,614	8,011,036	8,224,755	10,036,132
Operating grants and contributions	-	-	-	-
Capital grants and contributions	104,191	911,608	141,554	686,042
Total business-type activities program revenues	7,992,805	8,922,644	8,366,309	10,722,174
Total primary government program revenues	$ 11,334,268	$ 11,598,682	$ 11,541,152	$ 13,511,580

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ 5,442,819	$ 5,312,238	$ 5,532,530	$ 6,029,386	$ 6,862,078	$ 6,243,098
8,591,670	8,772,628	8,432,376	8,899,370	9,462,725	10,093,477
469,914	498,662	467,764	374,687	418,562	423,751
3,139,410	2,857,021	3,046,868	3,026,367	3,309,502	3,997,479
4,520,227	4,939,557	4,577,551	5,052,548	5,534,709	5,613,243
694,525	641,904	586,607	1,069,211	840,324	874,264
22,858,565	23,022,010	22,643,696	24,451,569	26,427,900	27,245,312
9,226,804	9,247,141	9,880,513	10,445,972	9,997,492	9,994,342
9,226,804	9,247,141	9,880,513	10,445,972	9,997,492	9,994,342
$ 32,085,369	$ 32,269,151	$ 32,524,209	$ 34,897,541	$ 36,425,392	$ 37,239,654
$ 375,503	$ 281,485	$ 254,697	$ 316,520	$ 330,296	$ 364,950
564,324	572,373	550,275	580,343	982,365	730,751
405,907	319,158	374,704	369,116	396,673	312,711
501,797	508,950	517,494	512,635	506,041	514,692
775,852	900,259	742,041	797,758	875,545	853,547
34,894	959,705	113,234	76,636	359,938	114,839
125,493	141,007	776,828	61,101	34,609	132,247
2,783,770	3,682,937	3,329,273	2,714,109	3,485,467	3,023,737
9,112,051	9,439,260	9,552,361	10,722,176	10,705,342	10,273,938
-	-	-	1,547,662	1,624,016	966,580
273,105	164,859	1,199,342	215,479	80,830	9,507
9,385,156	9,604,119	10,751,703	12,485,317	12,410,188	11,250,025
$ 12,168,926	$ 13,287,056	$ 14,080,976	$ 15,199,426	$ 15,895,655	$ 14,273,762

CITY OF HIGHLAND VILLAGE, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2015	2016	2017	2018
NET (EXPENSE) REVENUES				
Governmental activities	$(13,700,224)	$(17,005,720)	$(14,835,539)	$(19,049,027)
Business-type activities	766,821	421,819	(532,353)	1,526,608
Total primary government net expense	(12,933,403)	(16,583,901)	(15,367,892)	(17,522,419)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	10,220,940	10,876,727	11,601,454	12,126,314
Franchise	1,722,995	1,658,700	1,626,903	1,699,608
Sales	3,690,787	3,786,900	3,830,637	3,915,696
Unrestricted investment earnings	36,026	54,786	81,049	269,069
Miscellaneous	122,009	83,908	1,398,997	153,919
Transfers	300,000	(1,709)	470,000	470,000
Total governmental activities	16,092,757	16,459,312	19,009,040	18,634,606
Business-type activities:				
Unrestricted investment earnings	17,104	19,201	26,664	84,696
Transfers	(300,000)	1,709	(470,000)	(470,000)
Total business-type activities	(282,896)	20,910	(443,336)	(385,304)
Total primary government	15,809,861	16,480,222	18,565,704	18,249,302
CHANGE IN NET POSITION				
Governmental activities	2,392,533	(546,408)	4,173,501	(414,421)
Business-type activities	483,925	442,729	(975,689)	1,141,304
Total primary government	$ 2,876,458	$(103,679)	$ 3,197,812	$ 726,883

TABLE 2

Fiscal Year					
2019	2020	2021	2022	2023	2024
$(20,074,795)	$(19,339,073)	$(19,314,423)	$(21,737,460)	$(22,942,433)	$(24,221,575)
158,352	356,978	871,190	2,039,345	2,412,696	1,255,683
(19,916,443)	(18,982,095)	(18,443,233)	(19,698,115)	(20,529,737)	(22,965,892)
12,697,424	13,332,678	13,552,545	14,062,081	15,415,395	15,869,314
1,585,246	1,522,345	1,513,527	1,617,664	1,621,744	1,563,746
4,285,659	4,258,100	4,732,971	5,362,527	5,624,837	5,622,168
410,525	205,714	38,718	235,839	1,041,681	1,307,651
193,463	303,001	83,090	86,539	236,647	107,560
470,000	470,000	470,000	470,000	470,000	470,000
19,642,317	20,091,838	20,390,851	21,834,650	24,410,304	24,940,439
143,616	63,203	15,064	49,392	362,311	315,089
(470,000)	(470,000)	(470,000)	(470,000)	(470,000)	(470,000)
(326,384)	(406,797)	(454,936)	(420,608)	(107,689)	(154,911)
19,315,933	19,685,041	19,935,915	21,414,042	24,302,615	24,785,528
(432,478)	752,765	1,076,428	97,190	1,467,871	718,864
(168,032)	(49,819)	416,254	1,618,737	2,305,007	1,100,772
$(600,510)	$ 702,946	$ 1,492,682	$ 1,715,927	$ 3,772,878	$ 1,819,636

CITY OF HIGHLAND VILLAGE, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	Fiscal Year			
	2015	2016	2017	2018
General Fund				
Nonspendable - prepaid and inventory items	$ 449	$ 251,748	$ 1,250	$ 99,008
Assigned	865,468	1,270,558	2,142,128	2,011,564
Unassigned	4,207,414	3,933,919	5,248,582	5,440,353
Total general fund	$ 5,073,331	$ 5,456,225	$ 7,391,960	$ 7,550,925
All other governmental funds				
Nonspendable - prepaid items	$ -	$ -	$ -	$ -
Restricted, for the purpose of:				
Debt service	154,343	141,058	161,180	159,489
Community development	2,349,085	751,846	106,954	30,521
Public safety	84,158	78,495	87,901	71,002
Utility drainage	165,456	240,467	298,327	340,814
Capital projects	392,061	438,834	45,662	6,865,552
Public Broadcasting	30,276	36,094	65,266	113,692
Park development and maintenance	-	-	-	-
Committed - parks	120,422	262,224	501,093	263,469
Total all other governmental funds	$ 3,295,801	$ 1,949,018	$ 1,266,383	$ 7,844,539

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ 273,288	$ 75,193	$ 60,030	$ 45,859	$ 30,244	$ 46,623
1,829,514	2,042,788	2,031,671	1,531,806	1,384,303	2,262,354
4,552,543	5,834,619	6,177,286	6,651,051	9,008,092	9,338,065
$ 6,655,345	$ 7,952,600	$ 8,268,987	$ 8,228,716	$ 10,422,639	$ 11,647,042
$ 26,205	$ -	$ -	$ -	$ -	$ -
118,266	126,236	137,976	93,470	133,510	115,293
86,517	109,677	356,701	650,601	1,361,972	2,007,661
90,493	88,601	97,342	136,618	110,746	148,771
279,090	333,898	394,943	333,079	273,455	122,977
5,313,584	3,222,762	2,384,916	15,888,870	14,427,013	14,488,233
152,879	118,660	123,564	143,589	166,305	178,995
-	-	-	-	-	1,177,078
271,466	486,084	668,496	852,433	1,094,162	91,008
$ 6,312,295	$ 4,485,918	$ 4,163,938	$ 18,098,660	$ 17,567,163	$ 18,330,016

CITY OF HIGHLAND VILLAGE, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	Fiscal Year			
	2015	2016	2017	2018
REVENUES				
Taxes	$ 15,625,989	$ 16,308,934	$ 17,060,166	$ 17,714,340
Fines and forfeitures	124,932	99,082	98,699	109,420
Licenses, permits, fees	1,565,929	1,916,752	2,219,095	2,027,847
Intergovernmental	1,435,235	310,519	387,946	139,430
Charges for services	253,851	391,627	485,553	493,590
Investment earnings	36,026	54,786	81,049	269,069
Miscellaneous	122,009	114,448	1,398,997	153,919
Total revenues	19,163,971	19,196,148	21,731,505	20,907,615
EXPENDITURES				
General government	4,137,117	4,135,129	4,337,308	5,456,729
Public safety	6,212,042	6,952,405	6,890,116	7,181,646
Community service	401,541	430,163	455,266	481,472
Streets and drainage	1,352,770	1,589,676	1,695,038	1,739,093
Parks and recreation	2,378,196	2,626,904	2,558,767	2,831,487
Debt service				
Principal	1,955,000	2,176,616	2,263,592	2,118,875
Interest and other charges	863,286	716,472	650,698	602,713
Capital outlay	8,218,357	3,868,574	2,127,620	1,307,067
Total expenditures	25,518,309	22,495,939	20,978,405	21,719,082
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,354,338)	(3,299,791)	753,100	(811,467)
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	9,235,000	2,435,000	6,905,000
Issuance of leases	633,506	250,780	-	-
Proceeds from leases issued	-	-	-	-
Proceeds from SBITA's	-	-	-	-
Premium on debt issuance	-	-	-	-
Proceeds from sale captial assets	-	-	-	-
Payments to escrow account	-	(7,619,878)	(2,405,000)	173,588
Transfers in	1,283,905	2,290,168	2,005,329	1,462,380
Transfers out	(983,905)	(1,820,168)	(1,535,329)	(992,380)
Total other financing sources (uses)	933,506	2,335,902	500,000	7,548,588
NET CHANGE IN FUND BALANCES	$ (5,420,832)	$ (963,889)	$ 1,253,100	$ 6,737,121
DEBT SERVICE AS PERCENTAGE OF NONCAPITAL EXPENDITURES	16.6%	15.6%	15.1%	13.3%

TABLE 4

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ 18,557,768	$ 19,066,421	$ 19,848,434	$ 21,042,756	$ 22,627,687	$ 22,991,567
106,281	88,543	76,646	96,291	126,346	147,984
1,951,587	1,960,801	1,858,505	1,928,517	2,008,166	1,909,138
185,872	1,100,712	184,451	121,220	107,251	535,880
539,265	523,347	510,796	565,353	860,254	682,379
410,525	205,714	38,718	235,839	1,220,218	1,807,591
193,463	303,001	83,090	89,058	236,647	107,560
21,944,761	23,248,539	22,600,640	24,079,034	27,186,569	28,182,099
5,089,032	5,175,479	5,495,620	6,058,904	6,499,161	6,019,287
7,560,411	7,910,089	7,999,469	8,663,102	8,367,061	9,499,550
435,063	494,206	469,944	415,221	421,399	409,500
1,880,112	1,617,077	1,771,475	1,750,868	2,003,750	2,675,892
3,146,751	3,514,488	3,222,625	3,748,543	3,916,320	3,975,568
2,060,203	2,200,000	2,250,000	2,189,023	1,832,233	2,332,747
806,576	648,114	593,000	1,164,263	1,048,357	1,082,731
3,838,232	2,794,537	1,274,100	2,794,861	3,150,107	5,412,684
24,816,380	24,353,990	23,076,233	26,784,785	27,238,388	31,407,959
(2,871,619)	(1,105,451)	(475,593)	(2,705,751)	(51,819)	(3,225,860)
-	-	-	24,540,000	-	2,805,000
-	-	-	-	-	-
-	-	-	480,023	734,968	1,733,396
-	-	-	-	471,892	25,500
-	-	-	3,115,960	-	-
-	80,124	-	16,165	37,385	179,220
-	-	-	(12,021,946)	-	-
1,418,615	1,732,905	1,438,662	1,358,614	1,085,888	1,087,923
(948,615)	(1,262,905)	(968,662)	(888,614)	(615,888)	(617,923)
470,000	550,124	470,000	16,600,202	1,714,245	5,213,116
$ (2,401,619)	$ (555,327)	$ (5,593)	$ 13,894,451	$ 1,662,426	$ 1,987,256
13.7%	13.2%	13.0%	14.0%	12.0%	13.2%

CITY OF HIGHLAND VILLAGE, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property	Less: Tax-exempt Property
	Residential Property	Commercial Property		
2015	$ 1,564,231,925	$ 278,425,113	$ 60,243,887	$ 105,428,441
2016	1,649,565,971	313,545,655	64,490,237	106,266,234
2017	1,760,795,273	312,423,960	63,604,815	120,818,328
2018	1,890,908,720	343,451,978	64,741,269	162,929,317
2019	1,999,631,975	355,044,705	57,843,048	157,124,400
2020	2,073,752,984	385,732,416	63,879,965	165,516,748
2021	2,142,438,774	386,823,420	67,379,496	169,090,538
2022	2,275,429,086	374,330,981	67,886,461	189,221,801
2023	2,763,611,571	395,576,090	72,779,928	405,527,170
2024	3,274,046,558	436,276,250	75,069,619	590,899,321

Source: Denton County Appraisal District

Note: Estimated total levy is calculated by multiplying the net taxable assessed value by the total direct tax rate per $100 of net taxable assessed value.

Residential: single family, vacant lots, acreage, and farm/ranch and personal.

Commercial: real commercial, personal industrial and utilities.

Net Taxable Assessed Value	Total Direct Tax Rate	Estimated Total Levy
$ 1,797,472,484	0.56963	$ 10,238,943
1,921,335,629	0.56963	10,944,504
2,016,005,720	0.56963	11,483,773
2,136,172,650	0.56802	12,133,888
2,255,395,328	0.56302	12,698,327
2,357,848,617	0.56302	13,275,159
2,427,551,152	0.56302	13,667,598
2,528,424,727	0.56302	14,235,537
2,826,440,419	0.54683	15,455,683
3,194,493,106	0.50139	16,016,997

CITY OF HIGHLAND VILLAGE, TEXAS **TABLE 6**

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

	City Direct Rates			Overlapping Rates	
Fiscal Year	Operating/ General Rate	Debt Service Rate	Total Direct Rate	Lewisville Independent School District	Denton County
2015	0.46999	0.09964	0.56963	1.47700	0.27220
2016	0.47817	0.09146	0.56963	1.47673	0.26220
2017	0.48279	0.08684	0.56963	1.42000	0.24840
2018	0.49706	0.07096	0.56802	1.40750	0.23781
2019	0.47979	0.08323	0.56302	1.40750	0.22557
2020	0.47649	0.08653	0.56302	1.33750	0.22528
2021	0.47813	0.08489	0.56302	1.34730	0.22499
2022	0.48264	0.08039	0.56302	1.30850	0.23309
2023	0.47179	0.07503	0.54683	1.23680	0.21754
2024	0.43368	0.06771	0.50139	1.13010	0.18949

Source: Denton County Appraisal District

Note: A typical property tax bill would consist of the City, School District and County taxes.

CITY OF HIGHLAND VILLAGE, TEXAS **TABLE 7**

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

	2024		2015	
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value*	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value**
MP Shops at Highland Village, LLC	$ 80,600,000	2.523%	$ -	-
VP Highland TX Owner, LLC	46,500,000	1.456%		
DDR Highland Village, LP	41,500,000	1.299%	-	-
Bowery Park Kobalt, LLC & DeBowery Park Owner, LLC	20,500,000	0.642%	-	-
PS LPT Property Investors	19,000,000	0.595%	-	-
Wal-Mart Stores Texas, LP	16,727,940	0.524%	-	-
ADV Highland Village Property Owner, LLC	13,882,241	0.435%	-	-
Brixmor Holdings 12 SPE, LLC	12,137,612	0.380%	-	-
Wal-Mart Stores Texas, LP	8,432,371	0.264%	-	-
Atmos Energy / Mid-Tex Distribution	8,349,440	0.261%	-	-
MP Shops at Highland Village, LLC	-	-	68,804,600	3.828%
DDR Highland Village, LP	-	-	36,989,690	2.058%
Wal-Mart Stores Texas, LP	-	-	17,650,000	0.982%
Centro NP Holdings 12 SPE, LLC	-	-	9,948,272	0.553%
HHSG, LLC	-	-	8,896,646	0.495%
Barnett Healthcare Prop, LLC	-	-	8,382,420	0.466%
Wal-Mart Stores Texas, LP	-	-	8,331,270	0.463%
HVOS Partners, LP	-	-	6,474,868	0.360%
A-1 Stoarge, LTD	-	-	5,182,380	0.288%
HSM Highland Point S/C., LTD	-	-	4,641,811	0.258%
Total	$ 267,629,604	8.378%	$ 175,301,957	9.753%

Source: Denton county Appraisal District

Notes:
* Total taxable value including real and personal property for tax year 2023 (fiscal year 2024) is $3,194,493,106

** Total taxable value including real and personal property for tax year 2014 (fiscal year 2015) is $1,797,472,484

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CITY OF HIGHLAND VILLAGE, TEXAS **TABLE 8**

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	$ 10,201,729	$ 10,176,515	99.75%	18,756	$ 10,195,272	99.94%
2016	10,853,080	10,824,025	99.73%	23,097	10,847,121	99.95%
2017	11,572,279	11,546,650	99.78%	18,130	11,564,780	99.94%
2018	12,140,133	12,099,984	99.67%	34,188	12,134,172	99.95%
2019	12,691,161	12,640,013	99.60%	43,648	12,683,661	99.94%
2020	13,298,601	13,216,040	99.38%	75,632	13,291,672	99.95%
2021	13,513,137	13,460,984	99.61%	43,140	13,504,123	99.93%
2022	14,061,893	14,016,319	99.68%	17,872	14,034,191	99.80%
2023	15,391,491	15,325,352	99.57%	29,769	15,355,121	99.76%
2024	15,895,453	15,804,454	99.43%	-	15,804,454	99.43%

Sources: Denton County appraisal District and Denton County Tax office.

Notes: Tax levy includes adjustments and supplements made to the property roll during the fiscal year. Delinquent collections do not include penalty and interest.

CITY OF HIGHLAND VILLAGE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Combination Tax and Revenue Certificates of Obligation	Leases and Subscriptions	Tax Note
2015	$ 9,768,359	$ 14,319,664	$ 503,506	$ -
2016	9,547,809	12,683,991	632,670	1,535,000
2017	10,789,888	9,511,276	384,078	1,420,000
2018	16,395,133	9,354,426	130,202	1,145,000
2019	15,208,189	8,852,574	-	865,000
2020	13,771,244	8,335,723	-	580,000
2021	12,299,301	7,808,871	-	290,000
2022	18,479,298	15,369,203	-	-
2023	16,840,184	15,194,192	1,590,395	-
2024	15,078,238	14,987,013	2,771,544	2,805,000

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

* See Table 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Business-type Activities					
General Obligation Bonds	Combination Tax and Revenue Certificates of Obligation	Leases and Subscriptions	Total Primary Government	Percentage of Personal Income*	Per Capita*
$ 3,726,715	$ 9,097,385	$ -	$ 37,415,629	4.77%	2,351
3,070,385	8,839,408	-	36,309,263	4.50%	2,290
6,451,947	4,554,089	-	33,111,278	3.87%	2,068
5,854,297	7,160,379	-	40,039,437	4.54%	2,487
5,140,647	6,933,977	-	37,000,387	3.99%	2,237
4,603,996	6,647,575	-	33,938,538	3.46%	2,036
3,961,346	6,346,172	-	30,705,690	3.16%	1,860
6,753,971	2,610,038	-	43,212,510	4.23%	2,592
6,013,540	2,540,826	808,613	42,987,750	4.02%	2,574
5,267,354	2,468,976	976,829	44,354,954	4.25%	2,656

CITY OF HIGHLAND VILLAGE, TEXAS **TABLE 10**

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding					Percentage of Net Taxable Value of Property	Per Capita
	General Obligation Bonds	Certificate of Obligation Bonds	General Bonded Debt Outstanding	Less Debt Service Resources Available	Net General Bonded Debt Outstanding		
2015	$ 13,495,074	$ 23,417,049	$ 36,912,123	$ 154,343	$ 36,757,780	2.04%	2,310
2016	12,618,194	21,523,399	34,141,593	59,725	34,081,868	1.77%	2,149
2017	17,241,835	14,065,365	31,307,200	99,242	31,207,958	1.55%	1,949
2018	22,249,430	16,514,805	38,764,235	-	38,764,235	1.81%	2,408
2019	20,348,836	15,786,551	36,135,387	51,762	36,083,625	1.60%	2,182
2020	18,375,240	14,983,298	33,358,538	72,637	33,285,901	1.41%	1,997
2021	16,260,647	14,155,043	30,415,690	84,716	30,330,974	1.25%	1,838
2022	25,233,269	17,979,241	43,212,510	-	43,212,510	1.71%	2,592
2023	22,853,725	17,735,017	40,588,742	598,075	39,990,667	1.41%	2,395
2024	20,345,592	17,455,989	37,801,581	593,820	37,207,761	1.16%	2,228

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See Table 5 for property value data.

See Table 14 for population data.

CITY OF HIGHLAND VILLAGE, TEXAS **TABLE 11**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2024

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
County of Denton	$ 673,670,000	1.670%	$ 11,250,289
Lewisville Independent School District	1,411,915,000	4.970%	70,172,176
Subtotal overlapping debt			81,422,465
City of Highland Village (direct debt)	35,641,795	100.0%	35,641,795
Total direct and overlapping debt			$ 117,064,260

Sources: Muncipal Advisory Council of Texas

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Highland Village, Texas. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

CITY OF HIGHLAND VILLAGE, TEXAS

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	2015	2016	2017	2018
Debt limit	$ 44,936,812	$ 48,033,391	$ 50,400,143	$ 53,404,316
Total net debt applicable to limit	2,842,629	2,495,691	2,524,780	2,386,534
Legal debt margin	$ 42,094,183	$ 45,537,700	$ 47,875,363	$ 51,017,782
Total net debt applicable to the limit as a percentage of debt limit.	6.33%	5.20%	5.01%	4.47%

Note:

According to The State of Texas Constitution, Article 11, Section 5, provides in part that, "…no tax for any purpose shall ever be lawful for any one year, which shall exceed 2.5% of the taxable property of such city." As a home rule city, the City of Highland Village is not limited in the amount of debt it may issue.

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed value	$3,194,493,106
Debt limit ($2.50 per $100 of assessed value)	79,862,328
Debt applicable to limit:	
Tax supported debt	2,713,690
Less: Amount set aside for repayment of general obligation debt	(29,451)
Total net debt applicable to limit	2,684,239
Legal debt margin	$ 77,178,089

2019	2020	2021	2022	2023	2024
$ 56,384,883	$ 58,946,215	$ 60,688,779	$ 63,210,618	$ 70,661,010	$ 79,862,328
2,679,188	2,772,846	2,755,352	2,868,360	2,597,833	2,684,239
$ 53,705,695	$ 56,173,369	$ 57,933,427	$ 60,342,258	$ 68,063,177	$ 77,178,089
4.75%	4.70%	4.54%	4.54%	3.68%	3.36%

CITY OF HIGHLAND VILLAGE, TEXAS **TABLE 13**

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

	Water and Wastewater System Revenue Bonds						
		Less:	Net	Debt Service			
Fiscal Year	Total Revenues	Operating Expenses	Available Revenue	Principal	Interest	Total	Coverage
2015	$ 7,905,718	$ 7,266,680	$ 639,038	$ 860,000	$ 424,163	$ 1,284,163	0.50
2016	8,030,237	7,271,123	759,114	880,000	402,788	1,282,788	0.59
2017	8,251,419	7,503,415	748,004	905,000	332,284	1,237,284	0.60
2018	10,120,828	8,020,025	2,100,803	790,000	286,878	1,076,878	1.95
2019	9,255,667	7,154,348	2,101,319	815,000	401,814	1,216,814	1.73
2020	9,502,463	7,271,982	2,230,481	890,000	336,414	1,226,414	1.82
2021	9,567,425	8,709,583	857,842	915,000	313,139	1,228,139	0.70
2022	10,771,568	9,317,812	1,453,756	960,000	260,859	1,220,859	1.19
2023	11,067,653	8,832,243	2,235,410	735,000	276,709	1,011,709	2.21
2024	10,589,027	8,330,061	2,258,966	750,000	255,854	1,005,854	2.25

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Gross revenues does not include capital contributions or gain on disposal of capital assets . Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF HIGHLAND VILLAGE, TEXAS **TABLE 14**

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2015	15,915	$ 784,959,630	$ 49,322	3.4%
2016	15,859	807,096,228	50,892	3.6%
2017	16,012	855,857,412	53,451	3.1%
2018	16,100	881,539,400	54,754	3.1%
2019	16,537	926,369,666	56,018	2.8%
2020	16,668	980,511,768	58,826	6.6%
2021	16,504	970,864,304	58,826	3.9%
2022	16,670	1,022,137,720	61,316	3.0%
2023	16,700	1,069,334,400	64,032	3.7%
2024	16,697	1,043,061,590	62,470	3.7%

Source: U. S. Census Bureau
Texas Workforce Commission
Bureau of Economic Analysis

Note: Population estimates are based on residential sewer connections.

CITY OF HIGHLAND VILLAGE, TEXAS **TABLE 15**

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

	2024	2015
Employer	Employees	Employees
Excelwipe, LLC	250 - 499	
Cheesecake Factory	100 - 249	
City of Highland Village	100 - 249	100 - 499
Lewisville Independent School District	100 - 249	100 - 499
Whole Foods Stores	100 - 249	100 - 499
AMC Highland Village 12	50 - 99	100 - 499
Excite Gymnastics & Cheer	50 - 99	50 - 99
Goody Goody Wholesale	50 - 99	
Hillside Grill	50 - 99	
Re/Max Cross County	50 - 99	
Rosa's Café & Tortilla Factory	50 - 99	50 - 99
TJ Maxx	50 - 99	50 - 99
Walmart Supercenter	50 - 99	100 - 499
Delta Dental	-	50 - 99
Home Instead Senior Care	-	50 - 99
Ihop Restaurant	-	50 - 99
Kroger	-	50 - 99
Patrizio's Restaurant	-	50 - 99

Source: Texas Workforce Commission

Note: The source of data is legally prevented from obtaining and disclosing the number of employees of specific employers. Accordingly, the number of employees are displayed within a range.

FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	Fiscal Year									
Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government										
City manager	2	2	2	2	2	2	2	2	2	2
Finance	11	11	10	10	10	11	8	8	8	8
Human resources	3	3	3	3	3	3	3	3	3	3
City secretary	2	2	2	2	2	1	2	2	2	2
Information aervices	4	6	7	7	7	7	7	7	7	7
Marketing and communications	-	-	-	-	-	-	3	3	3	3
Maintenance	4	4	4	4	4	4	4	4	4	4
Public safety										
Police	44	46	45	45	46	46	46	46	45	45
Fire	19	22	22	22	22	22	22	22	22	23
Community services	5	5	4	4	4	5	4	4	4	4
Streets and drainage	15	14	15	15	15	14	15	15	15	15
Parks and recreation	17	17	17	17	18	18	18	18	18	20
Water and wastewater	18	19	19	19	19	19	19	19	19	19
Highland Village Community Development Corporation	3	3	3	4	4	4	4	4	4	4
Total	147	154	153	154	156	156	157	157	156	159

Source: Various City departments

Notes: A fulltime employee is scheduled to work 40 hours per week (including vacation and sick leave).

CITY OF HIGHLAND VILLAGE, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	Fiscal Year			
Function/Program	2015	2016	2017	2018
General government				
Open records requests processed	224	281	288	277
Court cases filed	1,524	1,782	1,518	1,547
Employee turnover (%)	7.50%	11.70%	9.00%	7.10%
Emp safety lost time injuries	-	-	-	1
Technical support tickets closed	1,046	807	774	747
Community Service				
Permits issued	1,343	1,336	4,533	2,758
Inspections performed	2,946	2,633	4,949	4,313
Police				
Reported offenses	306	452	609	565
Arrests	281	267	325	272
Service	5,164	6,617	6,962	6,221
Close patrols	8,259	6,957	7,193	13,729
Traffic citations issued	1,716	1,352	1,129	1,128
Traffic warnings issued	2,841	2,337	3,010	3,217
Motor vehicle accidents	162	239	257	261
Animal impounds	172	243	220	187
Animal care calls	687	1,413	1,410	1,252
Animal registrations	690	865	676	620
Fire				
EMS calls	601	602	685	682
Fires calls	493	526	610	587
Streets and Drainage				
Asphalt (tons)	426	716	301	227
Concrete(yards)	270	204	213	622
Cold patch (lbs)	3,575	4,800	30,000	25,000
Crack seal (lbs)	125	200	18,000	14,406
Paint (gal)	20	30	15	56
Sod replacement (yards)	25	15	86	261
Saw cuttings (ft.)	17,832	14,952	12,336	16,957
Spoils (yards)	961	828	966	124
Sign Repairs (hours)	48	107	42	80
Work orders completed (Maintenance)	1,837	1,818	1,821	1,809
Total fuel consumption	55,897	59,198	60,000	57,000
Parks and recreation				
Acres of turf mowed	*	*	*	*
Parks turf maintenance (hours)		6,525	6,525	6,525
Park maintenance (hours)	24,012	23,899	23,950	23,950
Bags of trash disposed (55 gal)	8,260	*	*	*
Trash removal (hours)	2,816	2,816	2,920	2,920
Recreation/Special Events Participation	20,288	19,051	29,603	29,003
Water				
New connections	17	37	26	13
Field operations work orders completed	10,675	10,815	10,064	9,370
Peak daily consumption	7,500,000	7,500,000	7,500,000	7,500,000
Maximum daily capacity-water production	7.20MGD	7.20MGD	7.2MGD	7.2MGD
Number of gallons pumped	1,056,000,000	991,177,900	928,836,200	995,892,200
Number of gallons sold	1,008,000,000	931,105,700	888,844,700	1,017,767,600
Wastewater				
Wastewater work orders completed	4,867	4,740	4,378	4,785
Wastewater gallons pumped	604,500,000	572,924,000	425,469,000	411,460,879

Source: Various City departments

* Not available

Fiscal Year					
2019	2020	2021	2022	2023	2024
319	414	523	646	561	638
1,528	1,072	803	1,019	940	1,223
9.60%	14.00%	11.50%	8.90%	10.80%	9.40%
-	-	1	1	2	1
829	854	936	746	797	728
1,563	1,273	1,784	1,660	1,722	2,003
3,608	3,878	3,174	3,282	3,700	3,691
518	506	551	545	537	632
304	173	160	171	203	292
6,520	6,141	5,988	6,543	6235	6792
15,202	15,530	13,027	13,288	13,460	12,075
1,280	780	838	807	905	1,008
3,989	2,019	1,627	2,535	2,941	3,736
260	211	246	264	215	259
227	114	139	152	180	180
1,489	1,160	951	812	887	912
571	481	*	*	*	*
745	758	820	948	963	1,049
624	525	748	405	658	704
640	582	255	176	250	260
136	815	464	537	185	103
51,720	63,000	41,000	26,800	11,000	26,000
9,000	11,250	20,254	17,640	12,260	7,000
92	138	68	92	54	845
100	394	13	13	10	8
15,520	14,967	10,271	10,695	11,424	12,100
807	575	378	100	86	57
110	52	32	30	54	84
1,813	1,816	1,810	1,780	1,650	1,520
61,000	60,600	63,600	62,300	68,000	80,200
*	*	*	*		
9,267	8,168	2,684	3,958	4,579	2,945
22,067	21,206	24,133	12,815	17,290	16,304
*	*	*	*		
2,086	1,843	1,713	1,412	1,382	1,912
25,560	3,916	14,666	15,567	9,405	9,389
16	35	38	24	4	11
10,544	15,419	15,813	10,894	18,148	13,396
7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
7.2MGD	7.2MGD	7.2MGD	7.2MGD	7.2MGD	7.2MGD
813,644,189	982,601,900	982,151,700	1,159,279,600	1,192,950,600	1,103,889,800
765,360,700	957,911,500	891,998,300	1,074,740,900	1,100,176,700	981,030,500
4,803	4,957	1,170	4,919	4,910	8,890
447,811,593	495,967,000	466,988,000	351,455,130	402,829,000	691,391,000

CITY OF HIGHLAND VILLAGE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year 2015	2016	2017	2018
General Government				
City area (in miles)	6.38	6.38	6.38	6.38
Police				
Stations	1	1	1	1
Fire				
Stations	1	1	1	1
Streets and Drainage				
Streets (miles)	200.0	200.0	200.0	200.0
Traffic signals	3	3	3	3
Parks and recreation				
Acres of parks	318	318	318.2	393
Trail system (linear miles)	11.7	12.7	12.7	12.7
Water				
Number of meters in service	5,456	5,483	5,521	5,536
Water mains (in miles)	99	100	100	102
Fire hydrants	780	811	815	825
Wastewater				
Storm sewers (miles)	25	25	25	25
Sanitary sewers (miles)	98	99	99	100
Sewer connections	5,253	5,276	5,307	5,325

Source: Various City departments

Fiscal Year					
2019	2020	2021	2022	2023	2024
6.38	6.38	6.38	6.38	6.38	6.38
1	1	1	1	1	1
1	1	1	1	1	1
200.03	200.03	200.03	200.03	200.03	200.03
393	393	393	329	329	329
12.7	12.7	12.7	13.0	13.0	13.0
5,523	5,579	5,692	5,738	5,735	5,745
102	103	104	105	105	105
825	821	823	836	836	830
25	26	27	27	27	27
100	101	102	103	103	103
5,389	5,436	5,614	5,667	5,509	5,677

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